


The tensions of international power restructuring in a shifting global economy

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Power

1. Measure of influence over outcomes
2. Ability to emerge victorious in conflict
3. Degree of control over resources

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World leadership and power: Why does it matter?

1. Passive reflection; score-keeping
 - “Committee to Endow World Leadership”
2. Feedback loop
 - Economics of superstars
 - Exorbitant privilege
3. Wars
 - The rise and fall

3

Rise and fall...

1. Economic might
2. Technical progress

To:

- Change through military conflict
- Hegemon stability; power transition

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Empirical evidence

1. Economic might
2. Technical prowess
3. Military

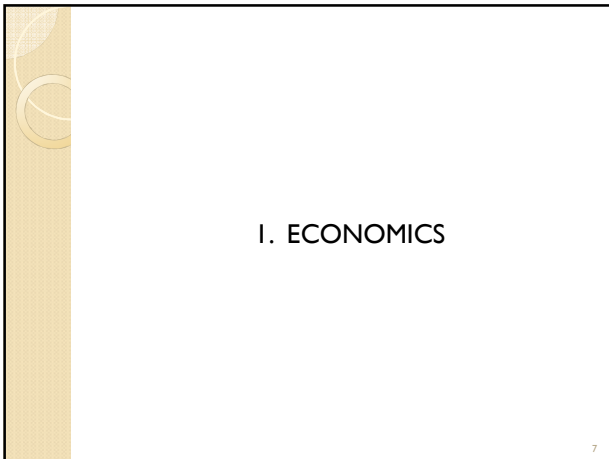
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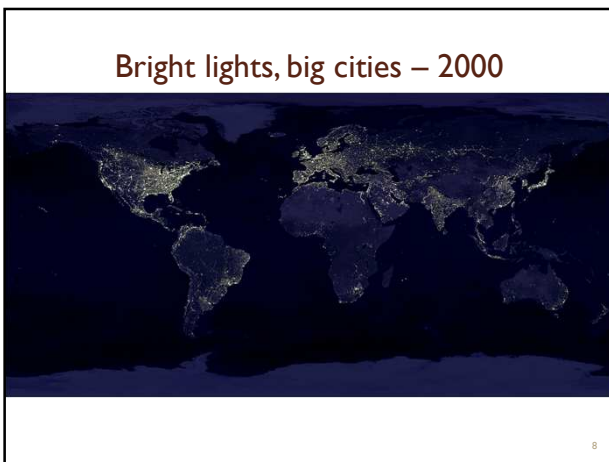
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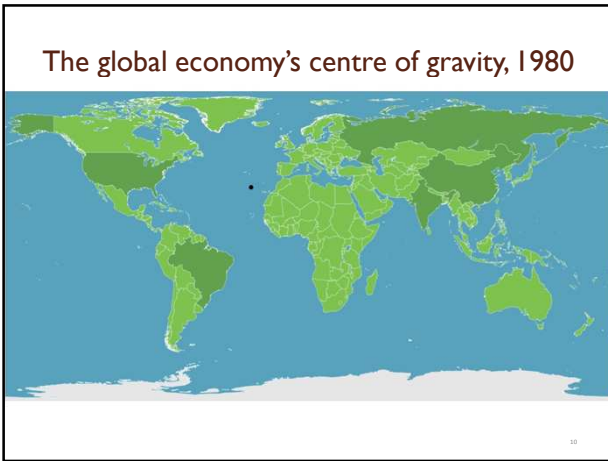
- Surprise! World regime change by jerks

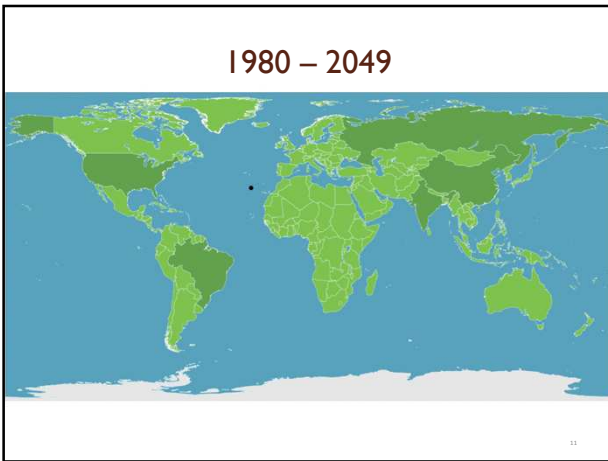
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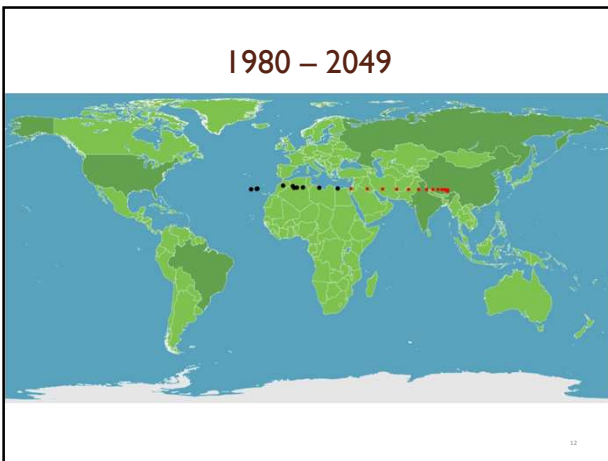




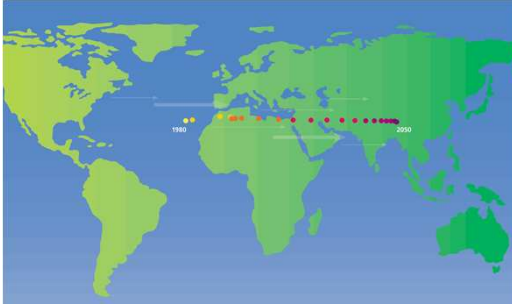








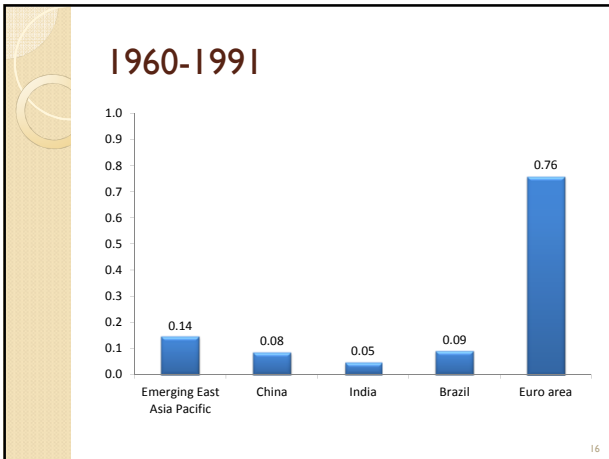
As a heat-seeking missile

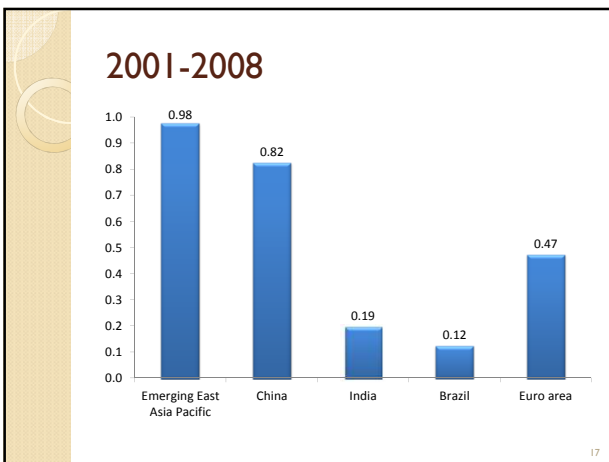




Good times and bad

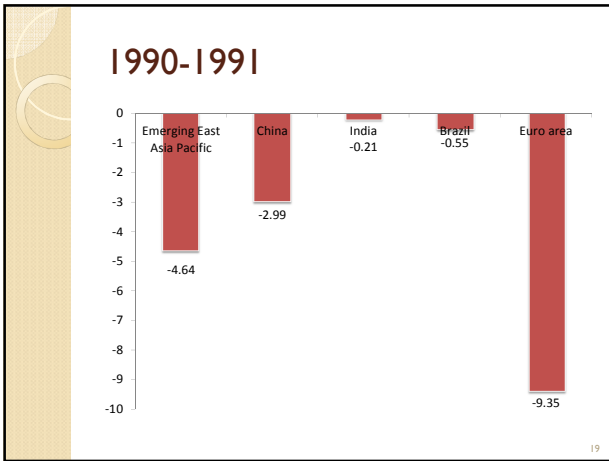
Relative to the US	1960-1990	1990-1991*	1991-2000	2000-2001*	2001-2008	2008-2009*
Emerging East Asia Pacific	0.14	-4.64	0.33	1.54	0.98	-0.91
China	0.08	-2.99	0.26	1.34	0.82	-0.87
India	0.05	-0.21	0.07	0.32	0.19	-0.22
Brazil	0.09	-0.55	0.05	0.11	0.12	0.01
Euro area	0.76	-9.35	0.40	1.60	0.47	1.05

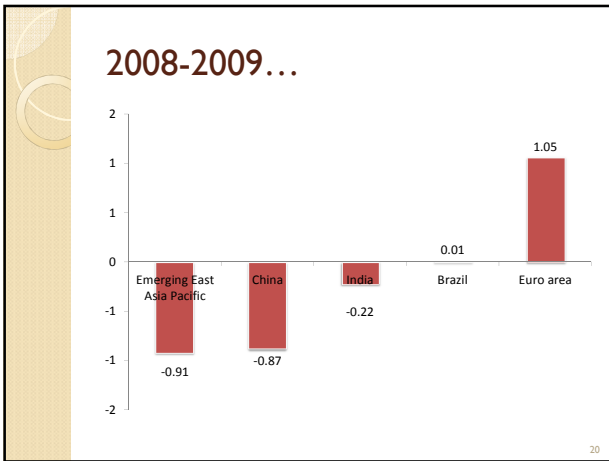




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2. TECHNOLOGY

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China Drawing High-Tech Research From U.S.





Photo: Flickr by The New York Times

An Applied Materials research lab in Xi'an, China. The Santa Clara, Calif., company is the largest supplier of the equipment used to make semiconductors, solar panels and flat-panel displays. [More Photos](#)

By KEITH BRADSHER
Published: March 17, 2010

Xi'an, China — For years, many of China's best and brightest left for the United States, where high-tech industry was more cutting-edge. But Mark R. Pinto is moving in the opposite direction.

Multimedia



Mr. Pinto is the first chief technology officer of a major American tech company to move to China. The company, Applied Materials, is one of Silicon Valley's most prominent firms. It

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China Leading Global Race to Make Clean Energy



Photo: Flickr by The New York Times

As China takes the lead on wind turbines, above, and solar panels, President Obama is calling for American industry to step up.

By KEITH BRADSHER
Published: January 20, 2010

TIANJIN, China — China vaulted past competitors in Denmark, Germany, Spain and the United States last year to become the world's largest maker of wind turbines, and is poised to expand even further this year.

Green Inc.
A blog about energy, the environment and the bottom line.



China has also leapfrogged the West in the last two years to emerge as the world's largest manufacturer of solar panels. And the country is pushing equally hard to build nuclear reactors, and the most

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China Sees Growth Engine in a Web of Fast Trains



Shepherd Zhou/European Pressphoto Agency

A bullet train in China travels 664 miles, from a southern coastal town deep into the interior. The American plan for high-speed rail is to link Tampa to Orlando.

By KEITH BRADSHER
Published: February 12, 2010

WUHAN, China — The world's largest human migration — the annual crush of Chinese traveling home to celebrate the Lunar New Year, which is this Sunday — is going a little faster this time thanks to a new high-speed rail line.

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3. MILITARY

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Correlates of war: National material capabilities

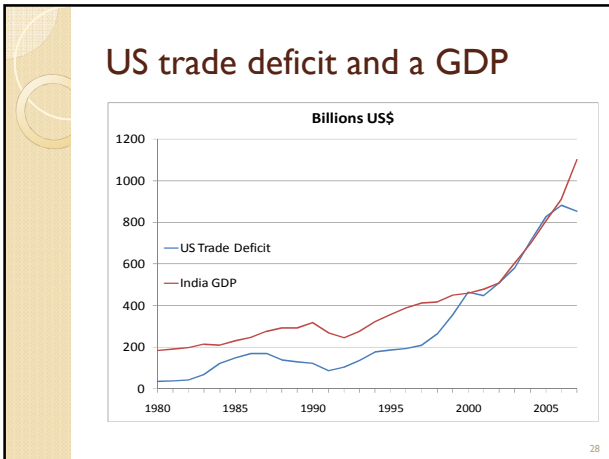
		Military personnel (Million)	Military expenditure (Billions US\$)
China	2005	2.26	29.9
	2006	2.26	35.2
	2007	2.26	46.2
US	2005	1.47	495.3
	2006	1.55	521.8
	2007	1.51	552.6

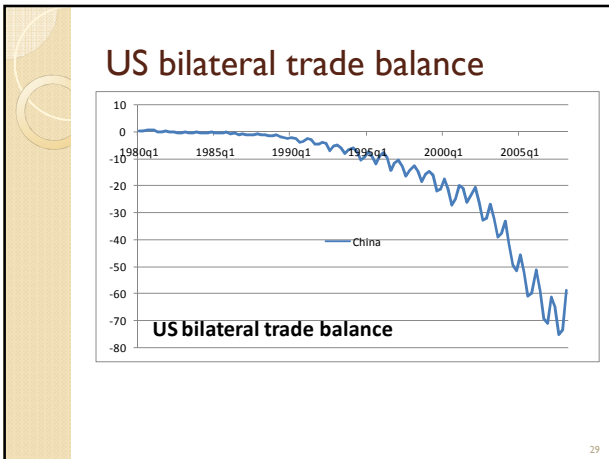
"Full displacement"

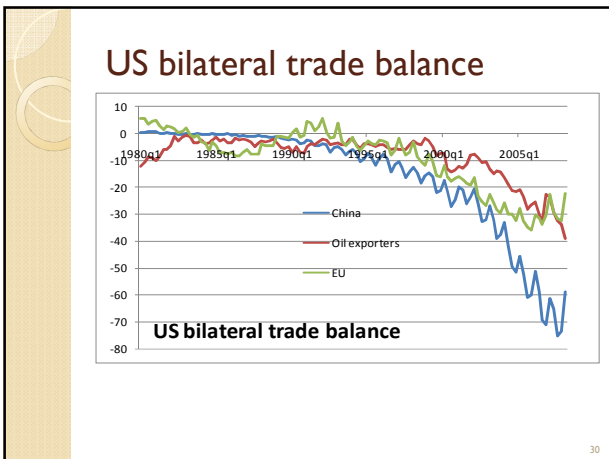
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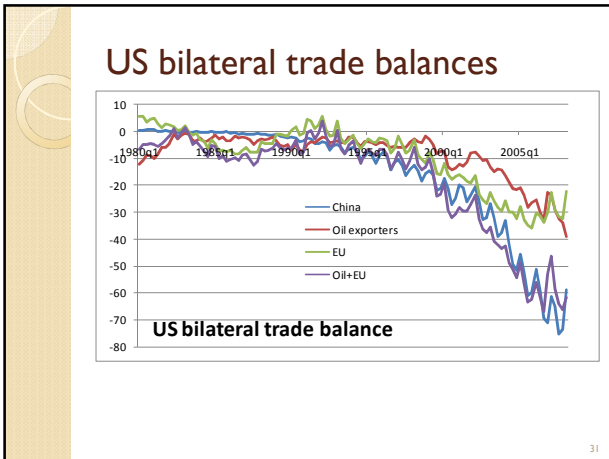
TENSIONS AND IMPLICATIONS

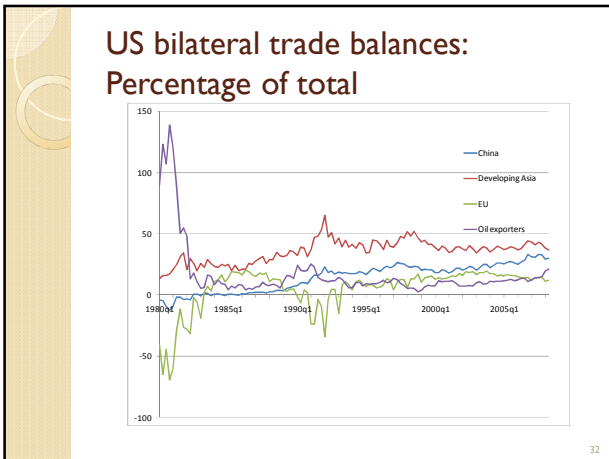
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Stephen Roach on US-China trade

"We don't have a bilateral trade problem with China. We have a multilateral trade problem with over one-hundred different trading partners. Last year, the United States ran bilateral trade deficits with almost one hundred countries. And the reason for that is that we have a savings problem."

"If we were to close down trade with China through some ill-begotten trade legislation or currency adjustment, we don't save the deficit. It just goes somewhere else. And they usually go to a higher-cost producer, which taxes the American public."

Source: CFR interview
22 October 2009

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World's reserve currency

Measures

1. Holdings in official reserves and private portfolios
2. Unit of account denominating international trade invoices and cross-border assets and liabilities

Advantages

1. Seignorage
2. Shift currency risk
3. Deep and ready market; lower borrowing costs

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CONCLUSIONS AND PROSPECTS

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**International power restructuring:
This time it's different?**

1. Economic and financial, not military or political
2. The poor of humanity

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