

Cambridge University Press

978-1-107-09064-4 - A Political Economy of American Hegemony: Buildups,
Booms, and Busts

Thomas Oatley

Index

[More information](#)

Index

- Ackley, Gardner, 73
- adjustment
 - deflection of, 125–126
 - political economy of imbalance and, 151–153
- Afghanistan
 - public involvement in, 163
 - Soviet invasion of, 41–43, 52–56, 73–74
 - U.S. troops in, 150–151
- aggregate demand, Mundell–Fleming
 - open economy model, 87–89
- all-volunteer military, shift to, 163–164
- al-Qaeda, attacks in U.S. by, 41–43, 55–58
- American Conservative Union, 74–75
- American hegemony
 - institutions and financial power and, 151–153
 - military dimensions of, 3–6, 27–31
 - political economy of imbalance and, 150–165
 - retrenchment and deficits and, 157–161
- American Home Mortgage, 141
- American Recovery and Reinvestment Act (ARRA), 2–3
- Americans for Democratic Action (ADA), 74–75
- analytic eclecticism, political economy of imbalance and, 19–22
- antidumping policies
 - correlates of deflection and, 123–125
 - dollar valuation and, 113–119
 - pro-cyclicality of postwar protectionism and, 108–113
 - time series analysis of, 113–119
- Arab-Israeli conflicts, 41–43
- Arab oil embargo of 1973, 52–56
- Art, Robert J., 150, 157
- Aspen Institute, Franklin project of, 164–165
- asset bubbles
 - banking crises and, 127–129, 139–142
 - capital market dynamics and, 13–14
 - credit booms and, 129–132, 136–139
 - financial instability hypothesis and, 154–157
 - limits of financial regulation and, 154–157
 - postwar trends in, 132–146
 - price deflation and, 139–142
- attrition, wars of, bargaining
 - environment for deficit reduction and, 68–73
- Authorization for Use of Military Force Against Terrorists, 57–58
- automobile industry, economic booms, and protectionism for, 108–113
- autonomy, financial power and, 98–102

Cambridge University Press

978-1-107-09064-4 - A Political Economy of American Hegemony: Buildups,
Booms, and Busts

Thomas Oatley

Index

[More information](#)

184

Index

- Bacevich, Andrew, 163
- Baker, James, 121–122
- balance of payments
 - expansionary monetary policies and, 121–122
 - fixed exchange rate and, 87–89
 - Vietnam War boom and, 142–146
- Ball, George, 49–52
- Ball, Laurence, 157–161
- banking crises
 - asset price deflation and, 139–142
 - currency crises and, 148–149
 - economic impact of, 63–68, 127–129
 - limits of financial regulation and, 154–157
 - postwar trends in, 132–146
 - subprime crisis and history of, 15–16
 - theories concerning, 129–132
- Bank of America, 141
 - Merrill Lynch acquisition by, 1
- bank run model of banking crises, 129–132
- bargaining environment
 - Korean War budget adjustment and, 80–82
 - tax-financed military spending and, 68–73
- Basel Accords, 15
- Bator, Francis, 73
- Bernanke, Ben, 16–17, 86–94
- bilateral trade negotiations
 - deficit financing and, 108–113
 - politics of deflection and, 119–122
- Black Monday stock market crash, 160–161
- “Blueprint for New Beginnings”
 - policy, 79
- Boeing Corporation, 120
- Bohlen, Charles, 46–49
- borrowing rates, asset price deflation and, 139–142
- Bretton Woods agreement, 121–122, 160–161
 - pegged exchange rate under, 146–149
- Brown, Harold, 52–56
- Bruegel real effect exchange rate
 - index, 113–119
- Brzezinski, Zbigniew, 52–56
- budget deficits. *See also* deficit
 - reduction proposals
 - American power and, 157–161
 - credit booms and, 129–132
 - impact on private investment and consumption, 103–105
 - interest rates and, 146–149
 - Korean War budget adjustment and, 80–82
 - limits of financial regulation and, 154–157
 - military buildups and, 62–68, 114
 - Mundell-Fleming open economy model, 88–89
 - postwar trends in, 60–62
 - private investment and capital flows and, 98–102
 - “twin deficit” theories concerning, 86–94
 - Vietnam War boom
 - and, 142–146
- Bundy, McGeorge, 49–52
- bureaucratic politics defense spending
 - model, 27–31
- Bureau of Economic Analysis (BEA)
 - data, macroeconomic analysis and, 94–97
- Bush, George H. W., 108–113, 150–151
- Bush, George W., 55–58
 - decline of American power and, 158–159
 - military spending under, 38–46
 - offset agreements and, 120
 - politics of delayed adjustment and, 74–75, 77–78, 79
 - Status of Forces of Agreement between U.S. and Iraq and, 2
 - tax cuts under, 17–18
 - trade negotiations and, 120–121
- business cycle
 - boom-generated protectionism and, 113–119

Cambridge University Press

978-1-107-09064-4 - A Political Economy of American Hegemony: Buildups,
Booms, and Busts

Thomas Oatley

Index

[More information](#)*Index*

185

- budget balance and, 63–68, 154–157
 - military buildups and, 63–68
- capital flow bonanzas
 - credit booms and, 129–132
 - equity market bubble, 136–139
 - macroeconomic imbalances, 133–136
- capital market dynamics
 - credit booms and, 129–132
 - deficit-financed military buildups and, 13–14
 - financial power of U.S. and, 98–102
 - Mundell–Fleming open economy model, 87–89
 - pro-cyclical fiscal policy, 133–136
- Carter, Jimmy, military spending under, 38–46, 52–56
- “Carter Doctrine,” 54
- Case-Shiller real home price index, 136–139
- causal mechanisms of security shocks, overview of, 46–58
- Central Intelligence Agency (CIA), competitive threat assessments by, 32
- Chaffee, Lincoln, 74–75, 77–78
- China Airlines, 120
- China Currency Coalition (CCC), 108–113
- China trade surplus
 - bilateral negotiations over, 120–121
 - currency revaluation and, 121
 - housing bubble and, 17–18
 - offset agreements and, 120
 - protectionist policies and, 108–113
 - savings rate and, 121–122
- Chinn, Menzie D., 17–18, 89–94
- civic engagement, proposals for renewal of, 161–165
- Clifford, Clark, 142–146
- Clinton, Bill, 29, 55–58
- cognitive psychology, military spending decisions and, 36n3–37
- Cohen, Benjamin J., 85–86
- Cold War era
 - end of, 41–43
 - military spending in, 27–31
 - negative shock following, 43f–46
 - retrenchment initiatives in, 157–161
- collateralized debt obligations, asset price deflation and, 139–142
- Collins, Susan, 74–75, 77–78
- Committee on the Present Danger, 52–56
- confidence
 - American financial power and, 9–14
 - financial power of U.S. and, 98–102
- Congress
 - correlates of deflection and trade legislation by, 123–125
 - Korean War budget adjustment and, 80–82
 - politics of deflection and, 119–122
 - politics of delayed adjustment and, 73–80
 - trade-related legislation and economic booms and, 108–113
- Congressional Joint Committee on the Economic Report, 80–82
- Conrad, Kent, 77–78
- consumption, budget deficit impact on, 103–105
- Continental Illinois, 141, 154–157
- costs of adjustment, deflection of, 107–126
- country-level characteristics
 - financial power of U.S. and, 98–102
 - financial risk and, 9–14
- Countrywide, 141
- Cray Supercomputer, 120
- credit booms
 - asset price bubbles, 136–139
 - banking crises and, 129–132
 - macroeconomic imbalances and, 133–136
 - postwar trends in, 132–146
- credit risk
 - American financial power and, 9–14
 - financial power of U.S. and, 98–102

Cambridge University Press

978-1-107-09064-4 - A Political Economy of American Hegemony: Buildups,
Booms, and Busts

Thomas Oatley

Index

[More information](#)

186

Index

- “crowding out” constraint
 - financial power of U.S. and, 98–102
 - foreign capital flows and, 103–105
- currency misalignments
 - banking crises and, 127–132, 148–149
- boom-generated protectionism and, 113–119
- deflecting costs of adjustment and, 107–108
- military buildups and, 89–94
- revaluations by surplus economies, 121
- Vietnam War boom and, 142–146
- current account deficits
 - boom-generated protectionism and, 113–119
 - deficit-financed military buildup and, 24, 114
 - deflecting costs of adjustment to, 107–108
 - deflection of adjustment, 123–125
 - financial power and, 98–102
 - financial power of U.S. and, 98–102
 - fixed exchange rate, 87–89
 - floating exchange rates and, 88–89
 - foreign economies and, 86–94
 - in global economy, 153
 - macroeconomic imbalances and, 94–97
 - military buildup and, 85–86
 - net cross-border capital flows and, 9–14
 - “twin deficit” theories concerning, 86–94, 148–149
- Cusack, Thomas R., 27–31
- debt dependency
 - deficit-financed military buildup and, 114
 - political economy of imbalance and, 151–153
 - subprime crisis and, 17–18
- default risk
 - American financial power and, 9–14
 - financial power of U.S. and, 98–102
 - limits of financial regulation and, 154–157
- defense budget
 - historical trends from 1948–2008 in, 39–40
 - Korean War military spending and, 46–49
 - as percentage of federal government spending, 27–31
- deficit-financed military buildup, 3–6
 - American financial power and, 9–14
 - analytic eclecticism approach to, 19–22
 - banking crises and, 127–129
 - boom-generated protectionism and, 113–119
 - budget politics and, 60–62
 - capital market dynamics and, 13–14
 - “crowding out” constraint and, 103–105
 - deflecting costs of adjustment to, 107–108
 - domestic politics and, 24–25
 - economic expansions and, 90–93
 - financial power of U.S. and, 98–102
 - imperial overstretch hypothesis and, 157–161
 - macroeconomic imbalances and, 24, 85–86, 96f
 - political economy of imbalance and, 151–153
 - postwar emergence of, 23–24
 - procyclicality of postwar protectionism and, 108–113
 - security shocks and, 6–7
- deficit reduction proposals
 - bargaining environment for, 68–73
 - Korean War budget adjustment and, 80–82
 - persistence of agreements for, 71
 - politics of, 60–62
 - Reagan-era negotiations concerning, 76–77
 - role of state in, 78–80
- deflection
 - adjustment costs and, 123–125
 - correlates of, 123–125
 - politics of, 119–122
- delayed adjustment, politics of, 73–80

Cambridge University Press

978-1-107-09064-4 - A Political Economy of American Hegemony: Buildups,
Booms, and Busts

Thomas Oatley

Index

[More information](#)*Index*

187

- demand shocks. *See also* aggregate demand
- budget deficits and, 86–94
- Democratic Party
 - Korean War military spending and, 80–82
 - military spending trends and, 38–46, 55–58
 - politics of delayed adjustment and, 78–80
- deregulation, subprime crisis and, 15
- descriptive statistics, deficit-finance military buildups, 89–94
- disaster relief, federal spending on, 62–63
- distributional consequences of taxes, 68–73
- divided government, boom-generated protectionism and, 113–119
- Dodd-Frank Wall Street Reform and Consumer Protection Act, 150–151, 154–157
- dollar overvaluation
 - banking crises and, 127–129, 148–149
 - boom-generated protectionism and, 113–119
 - budget deficits and, 146–149
 - deficit-financed military spending and, 85–86
 - deficit financing impact on, 160–161
 - deflection of adjustment, 123–125
 - financial power of U.S. and, 98–102
 - housing bubbles and, 136–139
 - Price Adjusted Broad Dollar Index and, 94–97
 - protectionism and, 107–108
 - twin crises and, 148–149
 - Vietnam War boom, 142–146
- domestic politics
 - deficit-financed military buildup and, 24–25
 - military spending and, 27–31
 - public reengagement in deficit debate and, 161–165
- Doughton, Robert L., 80–82
- East Asia
 - American macroeconomic imbalances and, 86–94
 - deficit-financed military buildup with sovereign wealth funds from, 114
 - savings rates in, 16–17
- economic booms
 - descriptive statistics on, 89–94
 - financial consequences of, 127–149
 - financial power of U.S. and, 98–102
 - generation of protectionism and, 113–119
 - impact on foreign economic policy of, 107–108
 - length of postwar expansions and, 90–93
 - military buildups and, 63–68, 85–106
 - pro-cyclicality of protectionism and, 108–113
 - security shocks and military spending and, 43f–46, 96f
 - U.S. military buildups and, 3–6, 25–26, 27–31
- economic crisis of 2007–2008, 1–3
 - American hegemony and, 150–151
- Economic Opportunity Act of 1964, 78–80
- education budget of federal government, defense budget share compared with, 27–31
- electoral politics
 - boom-generated protectionism and, 113–119
 - budget deficits and, 63–68
 - military spending and dynamics of, 27–31
 - public reengagement in deficit debate and, 161–165
- Elmendorf, Douglas W., 164–165
- endogeneity in macroeconomic analysis, vector autoregression, 94–97
- energy shocks, economic impact of, 52–56
- equity market bubble, 136–139

Cambridge University Press

978-1-107-09064-4 - A Political Economy of American Hegemony: Buildups,
Booms, and Busts

Thomas Oatley

Index

[More information](#)

188

Index

- Europe
 - credit booms in, 129–132
 - financial crisis of 2007–2008 in, 1
 - GATT negotiations with, 120
- event-driven decision making
 - military spending decisions and, 32–38
 - vector autoregression framework in analysis of, 94–97
- exchange rate regime
 - boom-generated protectionism and, 113–119
 - credit booms in, 129–132
 - expansionary fiscal policies and, 121–122
 - macroeconomic imbalances and, 24
 - Vietnam War boom and, 142–146, 160–161
- executive-congressional bargaining
 - boom-generated protectionism and, 113–119
 - correlates of deflection and, 123–125
 - Korean War budget adjustment and, 80–82
 - politics of deflection and, 119–122
 - politics of delayed adjustment and, 73–80
 - public reengagement in debate concerning, 161–165
- exogenous shocks
 - asset bubbles and, 13–14
 - limits of financial regulation and, 154–157
 - military spending and, 23, 38–46
 - vector autoregression framework in analysis of, 94–97
- expansionary monetary policies
 - credit booms and, 129–132
 - trade negotiations and, 121–122
- external imbalances
 - military buildups and, 89–94
 - U.S. financial power and, 98–102, 153
 - Vietnam War boom and, 142–146
- Fair Currency Alliance (FAC), 108–113
- Fannie Mae, 141
 - government takeover of, 1
- federal budget
 - consequences of military buildup for, 68–73
 - defense spending share of, 27–31
 - military buildups and, 62–68
 - politics of delayed adjustment and, 73–80
 - War on Terror and unraveling of, 77–78
- Federal Reserve Bank
 - mortgage-backed securities purchased by, 1
 - pegged exchange rate and, 146–149
 - Price Adjusted Broad Dollar Index, 94–97, 113–119
- Feingold Amendment, 77–78
- financial crises
 - analytic eclecticism approach to, 19–22
 - economic booms and, 127–129
 - limits of financial regulation and, 154–157
 - military spending and, 3–6
- Financial Crisis Inquiry Commission (FCIC), 2, 15–16, 154–157
- financial instability hypothesis, 127, 154–157
- Financial Institutions Reform, Recovery, and Enforcement Act of 1989, 154–157
- Financial Modernization Act of 1999, 147–148
- financial power
 - deficit-financed military buildup and, 9–14, 98–102
 - imperial overstretch hypothesis and, 157–161
 - military buildup and, 85–106
 - political economy of imbalance and, 151–153
- Financial Services Modernization Act of 1999, 15

Cambridge University Press

978-1-107-09064-4 - A Political Economy of American Hegemony: Buildups,
Booms, and Busts

Thomas Oatley

Index

[More information](#)*Index*

189

- Financial Stability Oversight Council, 150–151
- fiscal policy
 - economic boom and stimulus policies, 85–86
 - expansionary policies, international negotiations for, 121–122
 - limits of financial regulation and, 154–157
 - Mundell–Fleming open economy model, 87–89
 - political economy of imbalance and, 151–153
- Fischer’s exact test, statistical analysis
 - economic expansions and, 91n2
- fixed exchange rates
 - dollar crisis and, 25
 - Mundell–Fleming open economy model, 87–89
- floating rate regime
 - macroeconomic imbalances and, 25, 146–149
 - Mundell–Fleming open economy model, 87–89
- Flores-Macias, Gustavo A., 68–73
- Ford, Gerald R., 32, 150–151
- Fordham, Benjamin O., 28
- foreign capital
 - access to U.S. markets and, 108–113
 - credit booms and, 129–132
 - financial power and attraction of, 98–102
 - floating exchange rates and, 88–89
 - in U.S., 9–14, 85–86
- foreign competition, boom-generated protectionism and, 113–119
- foreign government, American
 - external imbalances and, 86–94
- foreign policy
 - deficit financing impact on, 160–161
 - public re-engagement in, 161–165
 - U.S. military buildups and, 3–6
- Fowler, Henry, 73
- Franklin Project, 164–165
- Freddie Mac, 141
 - government takeover of, 1
- Frieden, Jeff, 17–18
- Fulbright, William, 49–52
- game theory, tax-financed military spending and, 68–73
- Gates Commission, 163–164
- General Agreement on Tariffs and Trade (GATT), 108–113, 119–122
- George, Walter F., 80–82
- Gephardt–Bentsen–Rostenkowski Import Surcharge bill, 108–113
- Germany
 - currency revaluation negotiations with, 121
 - interest rate negotiations with, 121–122
 - U.S. offset agreements with, 119–122
- Gilpin, Robert, 158–159
- Gini coefficient
 - financial power of U.S. and, 98–102
 - net cross-border capital flows and, 9–14
- Glass-Steagall Act, 15, 147–148
- global economy
 - American financial power and, 9–14, 85–86, 98–102, 153, 157–161
 - banking crises and, 148–149
 - bubbles and banking crises and, 16–17
 - current account deficits and capital flow in, 98–102
 - deflecting costs of adjustment and, 107–108
 - imbalance in, 25–26
 - net cross-border capital flows and, 9–14
 - retrenchment, 150–151
 - “global savings glut” hypothesis, 16–17
- gold reserves, Vietnam War boom and, 142–146

Cambridge University Press

978-1-107-09064-4 - A Political Economy of American Hegemony: Buildups,
Booms, and Busts

Thomas Oatley

Index

[More information](#)

190

Index

- government debt, global purchase of, 148–149
- government revenues
 - budget deficits and, 63–68
 - Korean War budget adjustment and, 80–82
- Gramm-Rudman-Hollings legislation, 76–77
- Great Recession(??), or financial crisis, 3
- Great Society programs, 73, 75–76
- growth of state structure and, 81–82
- Greenspan, Alan, 15
- gridlocked politics, public
 - reengagement in debate concerning, 161–165
- gross domestic product (GDP)
 - budget deficits and, 60–62
 - current account balance as percentage of, 113–119
 - federal budget balance as share of, 62–68
 - global GDP and net cross-border capital flows, 9–14
 - military spending as share of, 3–6, 89–94
 - tax revenues as portion of, 63–68
 - vector autoregression framework in macroeconomic analysis and, 94–97
- Gulf of Tonkin incidents, defense
 - spending escalation and, 49–52
- hawk–dove dimension
 - causal mechanisms of security shocks and, 46–58
 - Korean War military spending and, 46–49
 - military spending preferences and, 32–38
 - September 11, 2001 attacks and, 55–58
 - Soviet invasion of Afghanistan and, 52–56
 - Vietnam War military spending and, 49–52
- Heinz, John, 108–113
- heterogeneous preferences, deficit-financed military buildup and, 23–24
- historical analysis, military spending and security shocks across time and, 38–46
- Hodrick Prescott filter, 134–135
- homogeneous preferences, deficit-financed military buildup and, 23–24
- Honda, 120
- housing bubble. *See* real estate bubble
- Hoyer, Stenny, 1
- Hurricane Katrina, disaster relief
 - spending following, 62–63
- Icelandic banking crisis, 148–149
- ideology, military spending and, 28
- imbalance, political economy of, 1–26
- imperial overstretch hypothesis
 - arms race models and, 28n2
 - macroeconomic imbalances and, 18–19
 - retrenchment and, 157–161
- import, restrictions on, 108–113
- income growth
 - deficit-financed military spending and, 85–86
 - deficit financing and, 157–161
- Income Security programs, growth of, 81–82
- incrementalism
 - historical analysis of military spending and, 38–46
 - military spending and logic of, 29
 - in Vietnam War military spending, 49–52
- institutional constraints, military spending and, 38–46
- intellectual property protections,
 - multilateral negotiations for, 120
- intelligence-related spending, federal
 - levels of, 31–38
- interest rates
 - current account deficits and, 87–89

Cambridge University Press

978-1-107-09064-4 - A Political Economy of American Hegemony: Buildups,
Booms, and Busts

Thomas Oatley

Index

[More information](#)*Index*

191

- expansionary fiscal policies and, 121–122
- financial power and influence on, 98–102
- floating exchange rates and, 88–89
- international financial system
 - financial power of U.S. and, 98–102
 - U.S. centrality in, 85–86
- International Monetary Fund (IMF), 154–157
- interstate wars, security shocks as
 - result of, 41–43
- Iraq
 - invasion of Kuwait by, 41–43
 - public involvement in war in, 163
 - Status of Forces of Agreement with United States., 2
 - U.S. troops in, 150–151
- Iraq War, economic impact of, 2–3
- Ito, Hiro, 89–94
- Jackson, Henry “Scoop,” 52–56
- Japan
 - bilateral trade deficit with, 108–113, 120–121
 - credit booms in, 129–132
 - interest rate negotiations with, 121–122
 - macroeconomic imbalances in, 86–94
 - offset agreements with, 119–122
- Johnson, Lyndon Baines
 - military spending under, 38–46, 49–52, 73–80
 - offset agreements and, 119–122
 - protectionist policies under, 108–113, 120
 - tax policies of, 63–68, 75–76, 78–80
 - Vietnam war boom and, 142–146, 150–151
- Joint Commission on Commerce and Trade, 120–121
- JP Morgan, 1
- Kagan, Robert, 55–58
- Katzenstein, Peter J., 20
- Kennan, George, 46–49
- Kennedy, John F., 63–68
 - protectionist policies under, 108–113, 119–122
- Kennedy, Paul, 158–159
- Kennedy Round (GATT)
 - anti-dumping petitions and, 108–113
 - European customs union negotiations and, 120
- Kindleberger, Charles P., 85
- Kindleberger-Minsky (K&M) model,
 - asset bubbles in, 13–14
- Korean War
 - budget surplus following, 63–68
 - causal mechanisms of security shocks during, 46–49
 - economic expansion after, 90–93
 - military spending during, 41–43, 62–68
 - rapid budget adjustment following, 80–82
 - tax increases following, 68–73, 96f
- Kreps, Sarah E., 68–73
- Krippner, Greta, 13, 103
- Kristol, William, 55–58
- Krugman, Paul, 148–149
- kurtosis statistics, historical analysis
 - of military spending and, 39–40
- Kuwait, Iraq invasion of, 41–43
- Lake, David, 21
- Layne, Christopher, 158–159
- Lehman Brothers, bankruptcy of, 1
- leptokurtic distribution, historical analysis of military spending and, 39–40
- liquidity risk, American financial power and, 9–14
- Litan, Robert, 147
- local developments, global interest rates and, 88–89
- Long, Russell, 108–113
- Long Peace, military spending and, 161–165
- Lost Decade (Chinn and Frieden), 17–18

Cambridge University Press

978-1-107-09064-4 - A Political Economy of American Hegemony: Buildups,
Booms, and Busts

Thomas Oatley

Index

[More information](#)

192

Index

- macroeconomic imbalances
 - banking crises and, 127–129
 - boom-generated protectionism and, 113–119
 - bubbles and banking crises and, 16–17, 132–146
 - correlates of deflection and, 123–125
 - credit booms, 132–146
 - deficit-financed military buildup and, 24, 86–94
 - deflecting costs of adjustment and, 107–108
 - descriptive statistics on, 89–94
 - economic booms and, 146–149
 - financial consequences of, 25
 - financial power and, 98–102
 - financial system characteristics and, 17–18
 - global economic impact of, 153
 - limits of regulation and, 154–157
 - military spending and, 3–6, 18–19, 85–106
 - multivariate analysis of, 94–97
 - Mundell–Fleming open economy model, 87–89
 - net cross-border capital flows and U.S. imbalances, 9–14
 - postwar credit booms and, 133–136
- Mankiw, N. Gregory, 164–165
- Mansfield, Mike, 44, 49–52, 121–122
- manufacturing industry
 - boom-generated protectionism and, 113–119
 - economic booms and protectionism for, 108–113
 - housing bubble and, 136–139
 - protectionism for, 107–108
- marginal cost and benefit, military spending levels and, 31–38
- Market-Oriented Sector Selective talks, 120–121
- Mastanduno, Michael, 160–161
- McCain, John, 77–78
- McChrystal, Stanley, 164–165
- McNamara, Robert, 49–52, 75–76, 121–122
- mean threat estimate
 - Korean War military spending and, 46–49
 - military spending decisions and, 32–38
 - September 11, 2001 attacks and, 55–58
- Medicaid, politics of delayed adjustment and, 74–75, 77–80
- Medicare
 - federal spending on, 62–63
 - politics of delayed adjustment and, 74–75
- Merrill Lynch, acquisition by Bank of America, 1
- military spending
 - American hegemony and, 3–6
 - analytic eclecticism approach to, 19–22
 - banking crises and, 127–129
 - budgetary consequences of buildups, 68–73
 - budget deficit politics and, 60–62
 - causal mechanisms in security shocks and, 46–58
 - economic crises of 2007–2008 and, 150–151
 - economic expansion correlation with, 2–3, 114
 - exogenous shocks and, 23
 - federal budget and military buildups, 62–68
 - financial power and buildup in, 85–106
 - historical trends in, 38–46
 - in Korean War, 42, 46–49, 80–82
 - macroeconomic imbalances and, 3–6, 18–19, 24, 86–94
 - multivariate analysis of, 94–97
 - Mundell–Fleming open economy model and buildup of, 88–89
 - national security shocks and buildup in, 27–59
 - non-security shock increases in, 43f–46
 - offset agreements and, 119–122

Cambridge University Press

978-1-107-09064-4 - A Political Economy of American Hegemony: Buildups, Booms, and Busts

Thomas Oatley

Index

[More information](#)*Index*

193

- political economy of imbalance and, 151–153
- politics of delayed adjustment and, 73–80
- post-buildup budget trajectory and, 62–63
- postwar deficits and, 23–24
- public reengagement in debate over, 161–165
- security threats, veto players, and changes in, 31–38
- September 11, 2001 attacks and, 29, 41–43, 55–58
- Soviet invasions of Afghanistan and, 41–43, 52–56
- subprime crisis and, 17–18
- in Vietnam War, 41–43, 49–52
- Mills, Wilbur, 73, 75–76, 78–80
- Minsky, Hyman, 127, 154–157
- mixed methods analysis, macroeconomic imbalances and, 22
- monetary expansion
 - financial crises and, 127–129
 - fixed exchange rate and, 87–89
 - floating exchange rates and, 88–89
 - limits of financial regulation and, 154–157
 - political economy of imbalance and, 151–153
 - trade negotiations for, 121–122
- mortgage-backed securities (MBS)
 - asset price deflation and, 139–142
 - subprime crisis and, 14–19
- mortgage debt, asset price deflation and, 139–142
- Moynihan, Daniel, 78–80
- multilateral trade negotiations
 - currency realignments and, 121
 - GATT negotiations and, 119–122
 - pro-cyclicality of protectionism and, 108–113
- multiple decision makers
 - budget deficits and, 63–68
 - military spending policies and, 32–38
- multivariate analysis, of military buildup and macroeconomic imbalance, 94–97
- Mundell–Fleming open economy model, 87–89
- National Aeronautic and Space Agency (NASA), government spending on, 62–63
- national income, military spending as percentage of, 27–31
- National Security Council, 73
- national security shocks, military buildup and, 27–59
- National Security Strategy, 55–58
- negative binomial regression, boom-generated protectionism and, 113–119
- net cross-border capital flows
 - deficit-financed military buildup and, 24
 - financial power of U.S. and, 98–102
 - global distribution (1970–2007), 9–14
 - subprime crisis and history of, 15–16
 - U.S. imbalances and, 9–14
- new information, mean threat estimate based on, 32–38
- 9–11 Commission, 55–58
- Nippon Telephone and Telegraph, 120
- Nitze, Paul, 46–49
- Nixon, Richard M., 150–151, 163–164
- North Korea, invasion of South Korea by, 41–43, 46–49
- NovaStar, 141
- NSC-68, Korean War analysis using, 46–49
- Obama, Barack, 29
 - economic crises under, 150–151
- Obstfeld, Maurice, 89–94
- Office of Financial Research, 150–151
- offset agreements, trade protectionism and, 119–122
- Omnibus Trade Act of 1988, 121

Cambridge University Press

978-1-107-09064-4 - A Political Economy of American Hegemony: Buildups,
Booms, and Busts

Thomas Oatley

Index

[More information](#)

194

Index

- Omnibus Trade and Competitiveness Act (OCTA), 108–113
- O’Neil, Tip, 73–74
- open economy macroeconomics
 - budget deficits and, 85–86
 - Mundell–Fleming open economy model, 87–89
- opportunity costs, military spending and, 31–38
- organized labor, protectionism and, 108–113
- Packwood, Bob, 108–113
- Pape, Robert, 158–159
- Pareto optimality, tax-financed military spending and, 68–73
- partisanship
 - boom-generated protectionism and, 113–119
 - budget deficits and, 63–68
 - historical analysis of military spending and irrelevance of, 38–46
 - military spending and, 28
 - tax policies and military buildup politics and, 68–73
- PAYGO rules, deficit reduction and, 77–78
- payroll tax (FICA), increases in, 62–63
- pegged exchange rates, 121–122
 - Vietnam War boom and, 142–146
- Pinkerton, James, 55–58
- Plaza Accord, 121
- Policy Agendas Project, 38–39
- policy making, macroeconomic imbalances and, 25
- political economy of imbalance
 - American hegemony and, 150–165
 - institutions and financial power and, 151–153
 - military spending and, 3–6
 - overview of, 1–26
 - public reengagement in debate concerning, 161–165
 - subprime crisis and, 14–19
- political institutions. *See also* partisanship
 - boom-generated protectionism and, 113–119
 - budget consequences of military buildups and, 68–73
 - budget deficits and, 60–62
 - deficit financing and decline of, 160–161
 - delayed adjustment dynamics and, 73–80
 - financial power and conflict in, 103–105
 - macroeconomics of imbalance and, 7–9
 - military spending and dynamics of, 27–31
 - political economy of imbalance and, 151–153
 - public reengagement in debate over, 161–165
- politics of deflection, protectionism and, 119–122
- presidential elections
 - budget deficits and, 63–68
 - historical analysis of military spending and irrelevance of, 38–46
 - politics of deflection and, 119–122
- price deflation, banking crises and asset prices, 139–142
- private investment
 - budget deficits and capital flows and, 98–102
 - “crowding out” constraint and, 103–105
 - economic boom and, 85–86
- private sector
 - antidumping petitions by, 108–113
 - boom-generated protectionism and, 117
 - deflection of adjustment, 123–125
 - influence on military spending by, 52–56
 - offset agreements and, 119–122
- privilege taking, deficit financing and, 160–161
- pro-cyclical fiscal policy
 - banking crises and, 127–129

Cambridge University Press

978-1-107-09064-4 - A Political Economy of American Hegemony: Buildups,
Booms, and Busts

Thomas Oatley

Index

[More information](#)*Index*

195

- boom-generated protectionism and, 117
- credit booms and, 129–132
- deficit-financed military buildup and, 24
- limits of financial regulation and, 154–157
- macroeconomic imbalances, 133–136
- postwar protectionism and, 108–113
- productivity gains
 - military spending and, 31–38
 - Mundell–Fleming open economy model, 87–89
- protectionism
 - correlates of deflection and, 123–125
 - deficit-financed military buildup and, 24–25
 - deflecting costs of adjustment and, 107–108
 - economic booms and generation of, 113–119
 - offset agreements, 119–122
 - politics of deflection and, 119–122
 - pro-cyclicality of, 108–113
- Rajan, Raghuram, 89–94
- Ramey, Valerie A., 94–97
- Reagan, Ronald, 73–74
 - antidumping petitions and trade policy and, 108–113
 - boom-generated protectionism and, 117
 - fiscal policies of, 121–122, 150–151
 - military spending under, 38–46
 - offset agreements and, 119–122
 - tax policies of, 63–68, 76–77, 78–80
- real credit per capita, credit booms and, 134–135
- real estate bubble
 - collapse of, 2
 - credit booms and, 129–132, 136–139
 - floating rate regime and, 25
- global trade and financial flows and, 17–18
- limits of financial regulation and, 154–157
- regulatory environment and, 146–149
- real growth rate
 - boom-generated protectionism and, 113–119
 - correlates of deflection and, 123–125
 - deficit financing and, 157–161
- recessions
 - changes in military spending and, 43f–46
 - military buildups and, 63–68
- regulatory environment
 - banking crises and, 146–149
 - economic crisis of 2007–2008 and, 150–151
 - limits of financial regulation in, 154–157
- Reinhart, Carmen, 129–132
- Reinhart, Vincent, 129–132
- renminbi revaluation, 121
- Report on Currency Manipulators*, 121
- Republican Party
 - Korean War military spending and, 46–49, 80–82
 - military spending trends and, 38–46, 55–58
 - politics of delayed adjustment and, 78–80
- “responsible global engagement”
 - strategy, U.S. policy making and, 25
- retrenchment
 - decline of American power and, 157–161
 - institutions, financial power, and imbalance in, 151–153
 - regulatory reform and, 150–165
- Richardson, J. David, 107, 111
- Riegle–Neal Act, 147–148
- Rogoff, Kenneth, 89–94

Cambridge University Press

978-1-107-09064-4 - A Political Economy of American Hegemony: Buildups,
Booms, and Busts

Thomas Oatley

Index

[More information](#)

196

Index

- Roosevelt, Franklin Delano, 80
- Rostenkowski, Dan, 73–74
- Roubini, Nouriel, 89–94, 148–149
- Rusk, Dean, 108–113
- savings and loan (S&L) institutions, 127–129
 - failure of, 139–142, 150–151
 - regulatory environment and crises in, 146–149
- savings rates
 - American macroeconomic imbalances and, 86–94
 - expansionary monetary policies and, 121–122
 - world interest rates and, 88–89
- Schultze, Charles, 73, 75–76
- Schwartz, Herman, 17–18
- securitization models, subprime crisis and, 14–19
- security shocks
 - budget deficit politics and, 60–62
 - causal mechanisms in military spending and, 46–58
 - changes in military spending and, 29–31
 - defined, 41
 - distribution of threat estimates and, 32–38
 - economic expansion and, 96f
 - historical trends in military spending across time and, 38–46
 - interstate wars as trigger for, 41–43
 - limits of financial regulation and, 154–157
 - political economy of imbalance and, 151–153
 - positive and negative shocks, 43f–46
 - U.S. military buildups and, 6–7
 - vector autoregression framework for, 94–97
 - veto players and military spending changes and, 31–38
- separation of powers, macroeconomic imbalances and, 7–9
- September 11, 2001 attacks
 - military spending and influence of, 29, 41–43, 55–58
 - politics of delayed adjustment following, 74–75
- Setser, Brad, 89–94, 148–149
- Shapiro, Matthew D., 94–97
- Sil, Rudra, 20
- Skidmore, David, 52–56
- Smith, Gordon, 77–78
- Snowe, Olympia, 74–75, 77–78
- Social Security
 - deficit reduction and politics of, 76–77, 78–80
 - growth of, 81–82
- social welfare spending
 - budget politics and, 60–84
 - deficit politics and, 60–62
 - PAYGO rules and, 77–78
 - politics of delayed adjustment and, 73–80
- South Korea, interstate conflict in, 41–43, 46–49
- South Vietnam, interstate conflict in, 41–43
- sovereign wealth funds, deficit-financed military buildup and, 114
- Soviet Union
 - Afghanistan invasion by, 41–43, 52–56, 73–74
 - collapse of, 41–43
 - interstate conflicts and involvement of, 41–43
 - Korean War and influence of, 46–49, 80–82
 - U.S. arms race with, 27–31
- space race, military spending and, 44
- spatial modeling, bargaining environment for deficit reduction and, 68–73
- special purpose vehicles (SPVs), asset price deflation and, 139–142
- Sputnik shock, military spending and, 43f–46

Cambridge University Press

978-1-107-09064-4 - A Political Economy of American Hegemony: Buildups,
Booms, and Busts

Thomas Oatley

Index

[More information](#)*Index*

197

- standard deviations
 - credit boom analysis, 134–135
 - historical analysis of military spending and, 39–40
- starve the beast strategy, deficit reduction and, 79
- state structure
 - budget deficit politics and role of, 60–62
 - Korean War budget adjustment and, 80–82
 - politics of delayed adjustment and, 78–80
 - retrenchment and regulatory reform and, 151–153
- statistical analysis of military spending, 43f–46
 - budget impacts and, 63–68
 - descriptive statistics, 89–94
 - multivariate analysis, 94–97
- status quo bias
 - bargaining environment for deficit reduction and, 68–73
 - in military spending, 23
- steel industry, economic booms and protectionism for, 108–113
- Strategic Economic Dialogue, 120–121
- subprime crisis
 - declining financial power and, 160–161
 - limits of financial regulation and, 154–157
 - political economy of imbalance and, 14–19
 - regulatory environment for, 147–148
- Subprime Nation* (Schwartz), 17–18
- “Super 301” mechanism, 108–113
- surplus economies. *See also* specific countries
 - correlates of deflection and, 123–125
 - U.S. financial power and, 153
 - U.S. offset agreements and, 119–122
- Syria, U.S. nonintervention in, 150–151
- system breaking, deficit financing and, 160–161
- Taft, Robert, 46–49, 80–82
- “taxes are unpopular” hypothesis, budget consequences of military buildups and, 68–73
- tax policies
 - budget consequences of military buildups and, 68–73
 - budget deficit politics and, 60–62
 - Korean War budget adjustment and, 80–82
 - military buildups and, 63–68
 - politics of delayed adjustment and, 73–80
 - public re-engagement in debate over, 161–165
- Reagan-era negotiations concerning, 76–77
- subprime crisis and, 17–18
- Vietnam war boom and, 142–146
- technology industries
 - bilateral trade negotiations and, 120–121
 - economic booms and protectionism for, 108–113
 - equity market bubble in, 136–139
- Thai banking crisis, 148–149
- Threat and Imposition of Economic Sanctions (TIES) project, 123–125
- threat-driven defense spending model, 27–31
 - American politics and, 29–31
 - multiple veto players and, 32–38
- threat estimates distribution
 - Korean War military spending and, 46–49
 - security shocks and, 32–38
 - Vietnam War military spending and, 49–52
- threshold approach, credit booms and, 129–132, 134–135

Cambridge University Press

978-1-107-09064-4 - A Political Economy of American Hegemony: Buildups,
Booms, and Busts

Thomas Oatley

Index

[More information](#)

198

Index

- time series model
 - of deflections, 123–125
 - military buildings and federal budget and, 63–68
- Toxic Asset Relief Program, 1
- Trade Act of 1974, 121–122
- trade agreements
 - correlates of deflection for, 123–125
 - elimination of, 107–108
 - politics of deflection and, 119–122
 - pro-cyclicality of postwar protectionism and, 108–113
- Trade Expansion Act (TEA), 108–113
- trade-related legislation
 - pro-cyclicality of postwar protectionism and, 108–113
 - time series analysis of, 113–119
- Truman, Harry S.
 - Korean War budget adjustment and, 80–82
 - military spending under, 38–49
- “twin deficit” theories
 - banking crises and, 148–149
 - U.S. budget deficits and, 86–94
- two-sector open economy model,
 - macroeconomic imbalances and deficit-financed military buildup, 24
- unemployment
 - boom-generated protectionism and, 113–119
 - budget deficits and, 63–68
 - correlates of deflection and, 123–125
 - deflection of adjustment, 123–125
 - housing bubble and, 136–139
 - military spending and changes in, 43f–46
- unfair trade practices, import restrictions and, 108–113
- United States
 - arms race with Soviet Union and, 27–31
 - foreign liabilities and gold reserves, 142–146
 - net cross-border capital flows and imbalances in, 9–14
 - offset agreements with Germany, 119–122
 - Status of Forces of Agreement with Iraq, 2
- universal national service, proposals for, 164–165
- Uruguay Round (GATT), intellectual property protections and, 120
- Vandenburg, Arthur, 46–49
- vector autoregression (VAR)
 - framework, military buildup and macroeconomic imbalance analysis and, 94–97
- veto players
 - budget deficits and, 63–68
 - deficit-financed military buildup and, 7–9, 23–24
 - financial power and conflict among, 103–105
 - persistence of deficit reduction agreements and, 71
 - political economy of imbalance and, 151–153
 - politics of delayed adjustment and, 73–80
 - security threats and military spending changes and, 31–38
 - tax-financed military spending and, 68–73
 - Vietnam War military spending and, 49–52
- Vietcong military actions, defense spending escalation, 49–52
- Vietnam War
 - credit boom and, 133, 135–136
 - dollar crisis and economic boom of, 142–146
 - exchange rate regime and, 160–161
 - military spending during, 41–43, 49–52
- Mundell–Fleming open economy model and impact of, 87–89
- offset agreements and, 119–122

<i>Index</i>	199
politics of delayed adjustment and, 73–80	economic impact of, 2–3
tax increases following, 68–73	September 11, 2001 attacks and escalation f, 55–58
Voinovich, George I., 74–75	Washington Mutual, insolvency of, 1
Wachovia, Wells Fargo acquisition of, 1	Wells Fargo, Wachovia acquisition by, 1
war	Wherry, Kenneth, 46–49
military spending and influence of, 29	Whitten, Guy D., 28
public involvement in, 163	Whitten, Jamie, 73–74
tax policies and financing of, 68–73	Williams, Laron K., 164–165
Ward, Michael D., 27–31	Wilson, James Q., 60
War on Terror	Wolfowitz, Paul, 27
deficit reduction proposals and, 77–78	Wu Yi, 120
	Yen/Dollar agreement, 120–121