

INTRODUCTION TO INTERNATIONAL RELATIONS:  
NATION-STATES AND TRADE

by

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### NATION-STATES AND TRADE

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INTRODUCTION

In the study of international relations, economic relationships between nation-states are central to concepts like relative power and mutual development. Some scholars argue that the overall trade level is significantly important in finding a nation-state's place in the hierarchy of states; others believe that certain trade patterns between states may influence the nation-states' development.

This essay will analyze the trade done by Brazil, France, and the United States of America during the time period 1950-1990, and then comment on the concepts of dependence, interdependence, and declining hegemony.

ON THE DATA SET

Dr. Katherine Barbieri collected the data set used for the analysis of the trade between the three countries for the period 1870-1992 as part of her doctoral thesis. It only uses reported trade statistics from the countries in the interstate system defined by the Correlates of War (COW) Project; in case of missing, inaccurate, unrealistic, or contradicting data on exchange rates, bilateral trade flow, or national totals, no estimation technique was used to replace the data.

In the data, the variable “DTrade” represents the sum of the value of imports from state A to state B plus the value of imports from state B to state A, therefore showing dyadic trade, i.e. the total trade between two states in a year. The figures are given in millions of current US dollars.

The variable “TTrade”, on the other hand, shows monadic trade, i.e. the sum of the total imports and exports a country makes in a given year, and is given in millions of current US dollars as well.

For more information about the data set, please refer to the codebook by Dr. Barbieri.

## MONADIC TRADE

Monadic trade, as stated before, refers to the total imports and exports of a country. This quantity has been plotted over time for Brazil, France, and the United States, and the graphs are attached to this paper. The data only supplies information up to 1990, so the years 1991 and 1992 are not included in the discussion of monadic trade. The following analysis will show that the year 1971 plays a crucial role in international trade, so it has been marked on all of the graphs.

## Decreasing American Hegemony

By looking at the graphs, it is easy to see that after the US dollar was devalued and the gold standard abolished in 1971, there was a sharp incline in the monadic trade of all three of the countries; however, Brazil's and France's imports and exports increased faster relative to their levels before 1971 than the those of the United States. The monadic trade of Brazil, for example, more than doubled in just two years, while it took four years for the American economy to do the same. While its figures remain at higher absolute levels compared to Brazil or France, it is clear that the trade of those countries is growing faster than that of the United States for the first few years. In the later years, namely the 1980s, the United States are able to catch up again and increase their monadic trade similarly to the other nation-states, or even better.

Especially the first few years after the devaluation of the dollar, however, point out that American hegemony was in fact decreasing. By definition, a hegemon in the international system of states is a nation-state that is willing and able to determine and maintain the values by which relations among the states are governed. To do so, a nation-state has to show leadership and dominance over the other states; once this is not the case anymore, the system is likely to collapse. After the United States faced the increasing problems that culminated in the devaluation of the dollar, exactly this happened. They were unable to maintain their dominance over the other states, as the capital growths of trade in countries like Brazil and France display, and the Bretton Woods System came to an end. The United States did not become outclassed by other states, but they also did not stand out from them anymore.

## Brazilian Hardships

The graphs also show that in the period before the devaluation of the dollar in 1971, Brazilian trade nearly remained constant while the other two countries were able to slowly increase theirs. In 1971, Brazil's trade had increased by only 170 percent as compared to 1950, while the United States and France witnessed an increase of 380 or even 668 percent, respectively. This suggests that Brazil was facing hardships during this time that the other countries did not face or had already overcome, as dependency theorists argue. Brazil had been a Portuguese colony from when it was discovered in 1500 until its status was changed to that of a kingdom in 1815. These three centuries of being a colony and the following periods of strong dependence on Portugal may have hindered economic development.

After 1971, Brazilian trade increases dramatically and in the same order of magnitude as the other countries; however, the fluctuations apparent in the graph of Brazil's trade are much larger than those in the other graphs. Monadic trade in Brazil decreased by 20 percent in the years from 1981 to 1986, while the United States only suffered a decrease of 8 percent. This may be caused by Brazil's relative inability to sustain itself without relying on other countries and demonstrates that Brazil still seems to be largely dependent on other nations.

## DYADIC TRADE

In the data supplied, dyadic trade comprises imports of one country from a second, and imports of the second country from the first. These figures can be used to find those countries that a nation-state trades with the most and to rank them accordingly. This has been for Brazil, France, and the United States in the years 1950, 1960, 1970, 1980, and 1990. The tables have been attached to this document.

When examining the top trading partners of a state, it is easy to see that the nation-state a country trades with the most usually does not change. For the United States, it remains Canada in all the five years displayed in the tables; for Brazil, it is the United States.

Germany, however, introduces a change into all of the tables generated: A few years after World War II, Germany arises as a substantial economic power, ranking high in all of the lists. It even replaces the United States as France's major trading partner. Similar changes are caused by Japan. After those changes have occurred, however, the top ranks in the lists remain nearly constant.

### Point System

All this can be expressed more rigorously by using a "point system". By adding the ranks different nation-states hold in the five different tables for each country, it is possible to assign each state a certain number of points. The points for the rank in one of the tables range from 1 to 10; if a country is not present in one of the lists, this results in

11 points. If, for example, a country ranks 1<sup>st</sup>, 3<sup>rd</sup>, 6<sup>th</sup>, and 8<sup>th</sup>, and is not present once, this results in  $(1 + 3 + 6 + 8 + 11) = 29$  points. Therefore, the minimum number of points is 5; the maximum number is 54, as a country has to appear at least once to be present in the point system list. A low number of total points corresponds to a high average rank, while a high number of points is characteristic of countries that have low average ranks or do not appear often. The point system lists for Brazil, France, and the United States can be found at the end of this paper as well.

A point system to rank the countries was preferred over simply adding the DTrade figures for the different countries. Since trade has generally increased during the last decades, the second approach would have put more emphasis on trade at the end of the period that was analyzed. The point system has some deficiencies as well, e.g. it always assigns 11 points to a country that is not present in a given year, no matter how small the actual dyadic trade was. For the purposes in this paper, however, the author considers the point system as accurate enough.

### General Analysis

The claim that was made before that the top trading partners usually do not change can be supported by the point system. In both Brazil's and the United States' lists, there is a large gap between the first and the second countries. This is caused by a single country always occupying the very top ranks. In France's case, the gap can be found somewhere between the second and the fourth nation-state, even though it is smaller.

France's list is an exception in second way as well; it contains more countries than the other two, and those countries are tied much more often. In addition to that, France has more high-scoring countries in its list. While Brazil and the United States have only 41 or 44 percent of the countries scoring 50 or more points, France has 55 percent. These high scores are created by countries appearing only once or twice in the years examined; therefore, France's trading partners change more often than those of the other two countries, whose partners are relatively stable.

### Brazil's Dependence

The point system list for Brazil clearly shows industrialized nations in the highest ranks, nations that can be assumed to be better developed than Brazil itself. Nation-states that are developed to an approximately equal level, like Argentina, Venezuela, or Iran appear only infrequently. Although the figures for dyadic trade do not tell in which direction the trade flows, it still demonstrates Brazil's dependence on higher developed countries, like the United States or Germany. It was already shown that Brazil's trading partners remain relatively constant, a sign of trade with a few favored nations, and therefore, of dependence.

More diverse top-ten trading partner lists would have reflected a trend towards a more independent Brazilian economy. It is also likely that those lists would have contained many countries from the surrounding areas, like it is the case with France in Europe or the United States with Canada and Mexico. The author found no supporting facts for such a trend, though.

### France's Interdependence

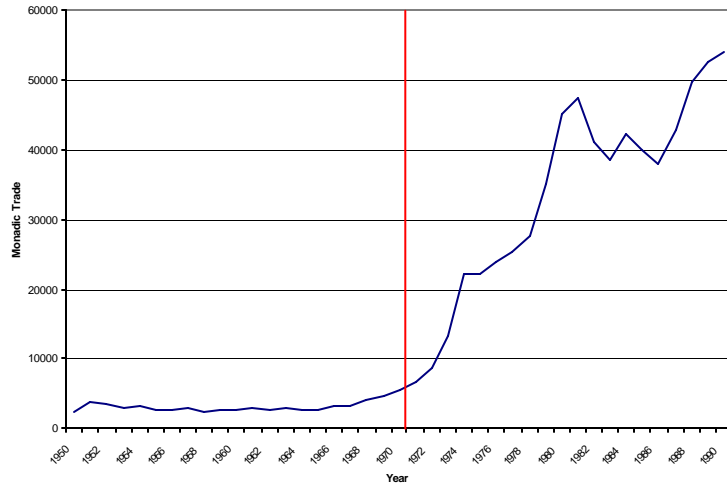
Similarly to Brazil's dependence, the point system list suggest that France's economy has become extremely interdependent. Most of the countries in the top-ten lists are countries of equal industrial development, and many of them can be found in Europe. If this were not the case, the point system list would more resemble that of Brazil, with few favored trading partners having low scores.

France's list, however, shows many countries with relatively low scores that are close together. Furthermore, it was already pointed out that France's trading partners change more often than those of Brazil, for example. This can be interpreted as a result of an economy quickly adapting to different situations in France as well as in other nation-states. Thus, France's economy seems to be strongly influenced other countries, a premier sign of interdependence.

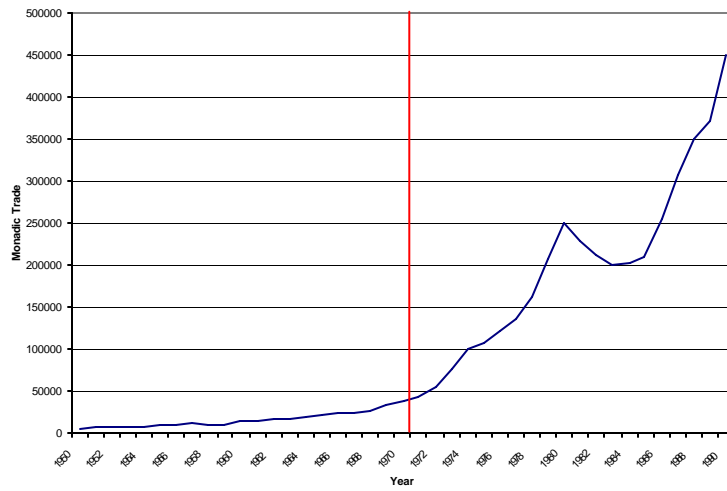
## CONCLUSION

During the period from 1950 to 1990, trade in general has increased; after 1971, however, the growth of that of the United States has not differed much from that of other countries: American hegemony has declined. At the same time, Brazil remained dependent on other countries, while France's economy has become more and more interdependent.

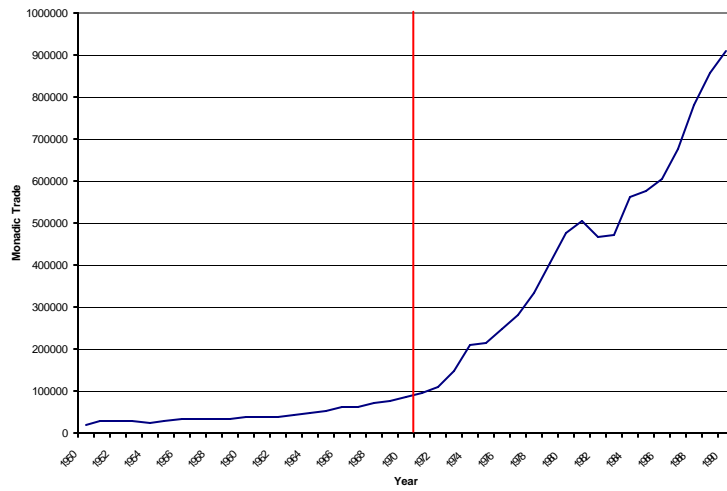
Brazil - Monadic Trade



France - Monadic Trade



USA - Monadic Trade



**Dyadic Trade, Brazil 1950**

No Trading Partner	DTrade
1 United States of America	1145.6
2 United Kingdom	248.4
3 Argentina	185.4
4 France	104.1
5 Sweden	85.7
6 Italy	44.2
7 Netherlands	43.1
8 Canada	40.7
9 Switzerland	34.7
10 Norway	30.3

**Dyadic Trade, Brazil 1960**

No Trading Partner	DTrade
1 United States of America	1069.2
2 German Federal Republic	255.9
3 Argentina	158.3
4 United Kingdom	132.2
5 France	130.6
6 Venezuela	115.5
7 Sweden	78.8
8 Italy	76.6
9 Netherlands	71.1
10 Japan	70

**Dyadic Trade, Brazil 1970**

No Trading Partner	DTrade
1 United States of America	1629.1
2 German Federal Republic	668.4
3 Japan	394.8
4 Argentina	354.3
5 United Kingdom	310.8
6 Italy	292.8
7 France	252.5
8 Spain	158
9 Netherlands	149.8
10 Sweden	134.2

**Dyadic Trade, Brazil 1980**

No Trading Partner	DTrade
1 United States of America	8633.7
2 Iraq	4236.9
3 German Federal Republic	3347.4
4 Japan	2763.3
5 Saudi Arabia	2282.7
6 Argentina	1913
7 France	1911.4
8 Italy	1389.3
9 Canada	1310.2
10 United Kingdom	1171.1

**Dyadic Trade, Brazil 1990**

No Trading Partner	DTrade
1 United States of America	13090
2 Germany	5114
3 Japan	4797.7
4 Italy	2725
5 France	2370.2
6 Argentina	2232.2
7 Saudi Arabia	1902.1
8 United Kingdom	1728.5
9 Iran	1488.2
10 Netherlands	1437.9

**Dyadic Trade, France 1950**

No Trading Partner	DTrade
1 United States of America	517
2 United Kingdom	421
3 Switzerland	208
4 Argentina	182
5 Italy	172
6 Netherlands	168
7 Australia	151
8 Sweden	124
9 Egypt	106.8
10 Brazil	104.1

**Dyadic Trade, France 1960**

No Trading Partner	DTrade
1 German Federal Republic	1943
2 United States of America	1174
3 Italy	650
4 United Kingdom	603
5 Switzerland	409
6 Netherlands	406
7 Morocco	400.2
8 Sweden	220
9 Senegal	216.2
10 Russia	209

**Dyadic Trade, France 1970**

No Trading Partner	DTrade
1 German Federal Republic	8017
2 Italy	3737
3 United States of America	2903
4 Netherlands	2132
5 United Kingdom	1857
6 Switzerland	1292
7 Algeria	1170
8 Spain	741
9 Sweden	681
10 Morocco	424.3

**Dyadic Trade, France 1980**

No Trading Partner	DTrade
1 German Federal Republic	41979
2 Italy	26504
3 United States of America	16278
4 United Kingdom	16239
5 Netherlands	12450
6 Saudi Arabia	10321
7 Switzerland	7489
8 Spain	6713
9 Iraq	6668
10 Russia	6021

**Dyadic Trade, France 1990**

No Trading Partner	DTrade
1 Italy	52751
2 United Kingdom	37675
3 United States of America	32549
4 Spain	23820
5 Netherlands	21512
6 Japan	16950
7 Switzerland	13783
8 Sweden	6232
9 Portugal	5798
10 Russia	5013

**Dyadic Trade, United States 1950**

No Trading Partner	DTrade
1 Canada	4263
2 Brazil	1145.6
3 United Kingdom	951
4 Cuba	884.2
5 Mexico	767
6 Venezuela	751
7 Colombia	590.4
8 Philippines	534.1
9 France	517
10 India	489.6

**Dyadic Trade, United States 1960**

No Trading Partner	DTrade
1 Canada	7599
2 Japan	2801
3 United Kingdom	2684
4 German Federal Republic	2397
5 Venezuela	1637
6 Mexico	1348
7 France	1174
8 Italy	1095
9 Brazil	1069.2
10 India	871.6

**Dyadic Trade, United States 1970**

No Trading Partner	DTrade
1 Canada	22191
2 Japan	11820
3 German Federal Republic	6629
4 United Kingdom	5156
5 Italy	2951
6 France	2903
7 Mexico	2732
8 Venezuela	2169
9 Australia	1921
10 Netherlands	1870

**Dyadic Trade, United States 1980**

No Trading Partner	DTrade
1 Canada	22191
2 Japan	11820
3 German Federal Republic	6629
4 United Kingdom	5156
5 Italy	2951
6 France	2903
7 Mexico	2732
8 Venezuela	2169
9 Australia	1921
10 Netherlands	1870

**Dyadic Trade, United States 1990**

No Trading Partner	DTrade
1 Canada	176557
2 Japan	145910
3 Mexico	53397
4 Germany	52095
5 United Kingdom	45966
6 Korea, South	36232
7 France	32549
8 China	22886
9 Italy	22649
10 Singapore	19896.5

**Point System Lists:**

<b>Trading Partners, Brazil 1950-1990</b>		
No	Trading Partner	Points
1	United States of America	5
2	Germany	20
3	Argentina	22
4	France	28
5	United Kingdom	29
6	Japan	31
7	Italy	32
8	Saudi Arabia	45
9	Netherlands	46
	Iraq	46
11	Canada	50
	Venezuela	50
13	Spain	52
14	Switzerland	53
	Iran	53
16	Norway	54
17	Sweden	55

<b>Trading Partners, France 1950-1990</b>		
No	Trading Partner	Points
1	United States of America	12
2	Italy	13
3	United Kingdom	17
4	Germany	25
5	Netherlands	26
6	Switzerland	28
7	Spain	42
8	Sweden	43
9	Argentina	48
10	Morocco	50
	Saudi Arabia	50
	Japan	50
13	Australia	51
	Algeria	51
	Russia	52
16	Egypt	53
	Senegal	53
	Iraq	53
	Portugal	53
20	Brazil	54

<b>Trading Partners, US 1950-1990</b>		
No	Trading Partner	Points
1	Canada	5
2	United Kingdom	19
	Japan	19
4	Germany	25
5	Mexico	28
6	France	35
7	Venezuela	38
	Italy	38
9	Brazil	44
10	Cuba	48
11	Korea, South	50
12	Colombia	51
	Australia	51
14	Philippines	52
	China	52
16	India	53
	Netherlands	53
18	Singapore	54