

**PO230 States and Markets: An Introduction to International Political Economy**  
**Seminar Week 1. Introduction to Studying IPE**  
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- What is IPE? How can we define it?  
 Politics vs.? Economics  
 States vs.? Markets
- Mainstream IPE: What is the “tradition of IPE”? What are we critiquing when we talk about a “new political economy” or “critical theory” or the “new left”?

“Classical political economy comprised three key discourses: a practical discourse about policy, concerning the best means of regulating and promoting the creation of wealth, and maximizing revenue for the public household; a normative discourse about the ideal form which the relationship between the state and the economy should take: and a scientific discourse about the way in which a political economy conceived as a social system actually operates.”  
 (Gamble 1995)

“Marginalist revolution of the second half of the nineteenth century which created a distinct new paradigm and a new concept of value and directed attention away from analysing the social basis of capitalism towards analysing how choices are made between alternative ends in conditions of scarcity.”  
 (Gamble 1995)

“In the 1970s and 1980s Keynesianism came under sustained assault from monetarist economists for its understanding of how the macro economy worked. New Right theorists broadened the attack into a general critique of the assumptions underlying the policy and institutional prescriptions of Keynesianism. The argument of market failure was turned around into an argument about government failure.”  
 (Gamble 1995)

“The ascendancy of New Right thinking and policy agendas in the 1970s and 1980s gave a spur to the development of the public choice school and the application of economic modes of reasoning to the analysis of political phenomena.”  
 (Gamble 1995)

- IPE as a response to the “Kindleberger Trap”?  
 The central question for IPE, in one interpretation, is how the twin pillars of a liberal political economic order and a rules-based international regime are created and reproduced.

“Charles Kindleberger, an intellectual architect of the Marshall Plan argued that the disastrous decade of the 1930s was caused when the US replaced Britain as the largest global power but failed to take on Britain’s role in providing global public goods. The result was the collapse of the global system into depression, genocide, and world war.”

- Q. Today, as China’s power grows, will it help provide global public goods? (See here for J. Nye’s article on this issue: [belfercenter.org/publication/kindleberger-trap](http://belfercenter.org/publication/kindleberger-trap))
- Q. What assumptions are made in the above text about the international political economy of the time? Are they valid?

- Also see: Roger Tooze’s article “Susan Strange, Academic International Relations and the Study of International Political Economy”

Core elements of Strange’s approach and substantive analysis of IPE Power in society is the core of political economy:

- Power can be exercised in many ways, particularly in structures rather than in direct relations with entities. Structural power gives us a different framework of IPE that identifies the importance of authority. To analyse structural power we need to investigate both authority and power in specific historical circumstances—there is no set of universal generalisations capable of providing understanding.
- The professional/textual and social/ideological separation of ‘politics’ and ‘economics’, with their respective disciplinary superstructures built upon this separation, makes an effective analysis of political economy almost impossible, and when carried out produces inappropriate analysis as the basis for ineffective policy. The adoption of ‘rationality’ by both economics and (US) political science is a flawed attempt to gain theoretical precision and scientific legitimacy at the expense of realism.
- A sole focus on the state (state-centrism) is negative and constructs a conception of politics that is not adequate to provide an understanding of the human condition. This conception of politics fails to take account of (1) the range of entities that have economic and political power, and (2) the range of issues and sectors that are actually driving politics. The most important entity not acknowledged by state-centric IR is the corporation, and the absolutely crucial issues of finance/credit and technology are unrecognised by conventional ‘politics’.

“[Strange’s work] is radical when compared to most Marxists who in the analysis of the relationship between the real and the symbol economy identify accumulation as the key to capitalist dynamics. Rather than accumulation, Strange clearly identifies the global structure(s) of credit (the Casino!), made possible by electronic technologies, as historically distinct and of sufficient significance to change the nature of the system of capital. It is radical because it uses the analysis of structures (security, finance, production, knowledge) and structural power to construct a historically distinct conception of ‘politics’, based around an open conception of the notion of ‘authority’ and a working definition of ‘political’ as ‘all action requiring the co-operation of others’” (Have a look at the Tooze paper, for a discussion on why her work may not be radical enough)