



CHAPTER 20

International Political Economy

This chapter traces the growing importance of International Political Economy (IPE) to IR scholars. It is impossible to understand the interactions between states without studying economic factors, and this is one respect in which the importance of “globalization” has been registered. The chapter proceeds with an historical account of IPE, which shows that the concept of globalization is much older than some casual commentators suppose. The survey begins with an analysis of “mercantilist” ideas, which resulted in policies that protected domestic producers against overseas competitors. In the UK, this approach was overturned in the early nineteenth century, largely thanks to the free trading ideas of Adam Smith. Although Smith is now widely regarded as the greatest of all political economists, the chapter also analyzes the contrasting contribution of Karl Marx, which has influenced numerous critical accounts of IPE. The chapter goes on to chart the development of IPE in the post-war period, discussing the growing gap between the affluent West and the underdeveloped “South.” It closes with an analysis of the growing tendency of the world to respond to “globalization” by coalescing into regional economic blocs.

Chapter Outline

- **International Relations and the Study of IPE**
- **The Age of Mercantilism**
- **The Rise of Liberal Political Economy**
- **Critical IPE**
- **The Postwar International Economic Order**
- **The North–South Gap**

- **Globalization and Regionalization in the Post–Cold War World**
 - Globalization
 - Regionalization
- **Conclusion**

Key Terms

Class analysis	Hegemony	Protectionism
Colonialism	Imperialism	Realism
Communitarianism	Mercantilism	Regionalization
Epistemology	National interest	Sovereignty
Free trade	Nationalism	State
Globalization	Neomercantilism	Structural adjustment
Good governance	Positivism	

Discussion Questions

1. What are the primary economic concerns of countries that are considered part of the “Global North”? How do these compare with the concerns of countries of the “Global South”?
2. In what way is the study of International Political Economy a challenge to traditional realist approaches to international relations?
3. What is neomercantilism and in what circumstances does it arise?
4. Should loans to developing countries be contingent upon democratic reforms? In other words, is structural adjustment a good idea? Why or why not? Does your answer change if the issue is aid rather than loans?
5. What are the causes of the North–South gap? How might it be addressed?
6. Why is political economy connected to globalization? How does migration influence political economy?
7. What can we learn from critical IPE?
8. Do transnational corporation have too large a role in political economy?
9. Why did we witness a rise in citizen action with the Occupy Wall Street movement?

Further Resources

- <http://www.cigionline.org/programs/global-economy>
The Centre for International Governance Innovation (CIGI) web page on the Global Economy
- <http://www.ecipe.org/>
Home page for the European Centre for International Political Economy
- <http://www.worldbank.org/>
World Bank home page
- <http://www.imf.org/external/index.htm>
Home page for the International Monetary Fund (IMF)
- <http://www.wto.org/>
World Trade Organization (WTO) home page
- <http://www.international.gc.ca/commerce/index.aspx?view=d>
Department of Foreign Affairs and Trade web page on international trade
- <http://www.isanet.org/ISA/Sections/IPE>
International Political Economy Section of the International Studies Association
- <http://www.bisa-ipeg.org/>
British International Studies Association International Political Economy Group
- http://www.democracynow.org/2009/11/30/the_battle_of_seattle_10_years
The Battle of Seattle: 10 Years Later