

# Theories of International Political Economy

Written by Timothy Adam Chuter

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TIMOTHY ADAM CHUTER, MAY 18 2010

**“Which of the major theories do you favour most and why? Discuss your preferred theory in relation to its main rivals”**

Be mindful of the fact that this question was not asked of me by chance. I sought the opportunity to answer such questions; you chose to ask such questions. This discourse is fixed in time and space and requires the allocation of resources. Whilst most others in the world see the possibilities of their fate as largely determined by the global political economy, we are of a few who attempt to understand how to maintain its order or even change it. Yet, I still live alongside these others and am in many ways supported by them: they act, I study; they earn, I borrow. By studying International Political Economy (IPE) I will not escape or control the global political economy. Rather, by studying IPE I am representative of society's attempt to condition its fate – its attempt to identify existing, and anticipate future regrets. IPE gives me a purpose no more worthy than any other's – a purpose that satisfies the specific mix of my instrumental and normative concerns as much as it satisfies those of society's. However, the question at hand is not asked of many and if it is in some way important to my purpose then I intend to answer it with one thing in mind: To answer such a question is a privilege; a privilege of which I need always be aware. In answering this question I am not just speaking with my voice but also the voices of they who have consciously or unconsciously afforded me this position. To do otherwise would be to pretend that all had such opportunity and that I am therefore free to satisfy my mind's subjectivity at the expense of objective relevance.

For the first time as a student of International Relations (IR) and now IPE I find myself writing in the first-person despite academic convention. I do so because I am not seeking legitimacy only from within the academic field by referencing the to-be-discussed labels and names of IPE. In this instance I also seek legitimacy from the society that supports the field. Central to my argument is my personal experience as both a student within this field and as an individual outside of it. The spacio-temporal context of the question posed finds me at a time of personal uncertainty in a world with seemingly infinite possible futures. How can it be that I who has studied IPE feels no better able to condition the possibilities of my fate than those who have not? Does not my understanding of the global political economy enable me to exert control over it, however limited? I argue that my inability to practice what I have learnt in IPE is due to its failure to prescribe theories of, or frameworks for, the effective exercise of individuals' potential power within the global political economy. Therefore I unashamedly admit that my answer to this question will in part make evident my selfish desire to utilise my more than three years of IR and IPE study. As a likely member of the British school of IPE the combination of modest academic recognition and slight chance of monetary reward on offer appealed to my propensity to reflect. Now I realise that the satisfaction of my ideational concerns has undermined my material ability to act upon my conclusions.

By choosing to study IR and then IPE I displayed confidence that such a pursuit will, to an acceptable extent, satisfy at least my immediate concerns – instrumentally and normatively. Yet, I must now heed Cohen's description of the academic field of IPE as 'an institutionalized network of scholars with its own boundaries, rewards and careers' (2008: 2). When accepted into this network I am at risk of taking refuge in its boundaries and enjoying its rewards as my own. If I accept that the continual pursuit of a better understanding of how our world works is a legitimate – even necessary – endeavour then I must accept that my contribution to this endeavour will forever be increasingly minor. I

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must both repay the aforementioned privilege but be cautious of seeing grandeur in this task. By these means future 'contradictions and double standards that underpin contemporary post-racist Western Foreign Policy' and subsequently 'painful collisions [of] ... postcolonial subjectivities' can be avoided (Hobson, 2007: 114; Ling, 2002: 20). What matters most is to ensure the continued legitimacy of this socially-permitted endeavour; not the enjoyment of freedoms afforded by objective-scientific abstractions or time-consuming subjectivities. We must have near-immediate relevance. Only by ensuring continued surpluses of time and wealth, regardless of ownership, can we ensure that such voices from which the field has drawn breath continue to speak. This purpose is my point of departure.

I am not here concerned with countering the Western, then Anglo-Saxon, then American dominance of IPE. This dominance is merely representative of history – the propensity of those with surpluses of time and wealth to reflect upon our world. Only in the modern Western world are such reflections rewarded by an academic field that is so much free from demands of relevance. Instead, my concern is that these reflections are manipulated by IPE's ownership of efforts to understand, maintain or even change the global political economy. In effect the task of understanding the world is set of a few – a few who have a legitimised, almost monopolistic opportunity to pursue understanding of the possibilities of theirs and society's fate within the global political economy. The potential of individuals in their 'everyday' lives outside the academic field to exert control over their fate is seen as almost nil as they cannot understand the deterministic effects of their actions. Power is, however, recognised in historically determined political units and networks and other actors that maintain the global political economy but not in those individuals whose lives are so much lived out within it. While IPE claims to be a vehicle of understanding it offers little to policy makers (see Cammack, 2007) and even less to individuals yet receives legitimacy from both. My contention is that this apparent disservice actually relieves us of responsibility for, and denies us purpose in our actions because we have little consciousness of our agency. Of course, though, those who expect good chance of enjoying their fate need take no concern of this.

Hence, the theorising of IPE both undermines the instrumental rationality and ethical concerns of our 'everyday' lives. Those of us in possession of surpluses of time, wealth and power appear then to have little motivation to use them to affect agency within the global political economy. Theories of IPE have traditionally recognised only equally low levels of agency in all individuals despite the vast disparity in levels of these surpluses. Apparently we are all almost powerless to question or condition our fate despite the differences in our potential power. What afflicts us all then is a resignation to the futility of attempts to change the global political economy in even a modest way. At best our agency is limited to what Hobson and Seabrooke define as axiorationality – 'habit-informed, reason-guided behaviour within which an actor still retains a concept of interest' (2007: 17). By providing examples of such exercises of power by marginalised actors their edited volume allows us to rationalise their seemingly irrational rejection of the potential benefits of integration with the global political economy. Notwithstanding this relief from the preceding oppressive conclusions and the recognition of Eastern agency I argue that the framework for understanding 'everyday' IPE must be extended to accommodate agential potential whether it is exercised or not. IPE as observer has effected its subject – forsaking us of the need to contextualise our everyday actions as constitutive of our global political economy and thereby fixing it as ahistorical – as the determinant of our fate.

Of course though my normative concerns are shared by many IR and IPE students and theorists; their efforts being apparent in the normative turn in theory over the past two decades. In 1996 Marysia Zalewski tackled the accused irrelevance of these post-positivist, or non-scientific theories of IR. She considered the typical positivist assertion that post-positivist theorists risk irrelevance in the sense that they theorise what they choose to theorise rather than what the 'real world' would demand. Her emotive language speaks to the antipathy sometimes felt between 'real-worlders' and 'theorists'. The reader is left with the impression that one half of the IR and IPE world is writing with 'real' purpose', and the other, academic endeavour or normative commitments. This apparent split in the field typically presents itself to contemporary students as the choice to make when asked to critically evaluate the worth of different theories and often leaves the student (myself included) desperately defending aspects of both – maintaining balance – in the hope of gaining acceptance or even relevance. Consequently the 'causal connection between external events and developments in theory is, as usual, vague' (Wæver, 1998: 692). This does us all great disservice by sacrificing part of our unique spacio-temporal perspective for the sake of a split that represents not a crisis of but a potential for individual agency within the global political economy.

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As such I suggest that the innocent reflections of many students risk manipulation as they 'learn' IPE. Motivated by a mixture of instrumental and normative concerns students study theories and issues of IPE whilst lecturers pursue their research interests and publications. Theory is passed from one to the other in the form of labels: 'realism', 'neoliberalism', 'constructivism'. And when asked to show favour toward one or more we seek heritage in the form of names: 'Smith', 'Marx', 'Keohane'. When referencing theory or theories we are in the business of confronting the time- and space-bound perspectives of others with those of our own. By seeking heritage from theory we sacrifice some part of our perspective as we seek to establish acceptance and legitimacy within the field that values them so much. I argue that whether we are pursuing policy relevance or academic endeavour we must incorporate this understanding of IPE learning within our understanding of IPE itself. Such sacrifices may currently be a necessary part of entry into the field but when established we must seek to repay the privilege that afforded us this career or risk failure to further understanding our agency. Crucially, though, the balance of students' concerns likely differs depending on their spacio-temporal context: We all have our own particular relationship with fate. Hence, I argue that those of us who choose what to theorise do so because they have more instrumental than normative freedom and those who dismiss the value of such choices do so because they have more normative than instrumental freedom. To evidence this argument I will interpret the developments of the so-called American and British schools of IPE with reference to their spacio-temporal contexts.

Benjamin Cohen's (2006, 2008) recent two-step effort to deliver the first intellectual history of IPE considers only these two schools due to practical constraints but also the 'acknowledged primacy' of the US school and 'contrasts [that] are so great' that may be drawn between it and the British school (2008: 4). These differences, he argues, are due to differences in ideology, ontology and epistemology. Ontologically the two are divided over their relative concern toward public policy, social and ethical issues: the US school favouring the first and the British school, the latter two. With US IPE more influenced by IR's ontology of state behaviour and system governance and British IPE more 'openly normative in the tradition of pragmatism and classical moral philosophy' the two naturally diverge toward explanatory and judgemental theories respectively (2006: 3-4). Epistemological principles of positivism and empiricism, commitment to formal methodologies and the testing of hypothesis lead US IPE in its accumulation of knowledge whilst British IPE's more institutional and historical approaches deliver analyses of systemic transformation or social development (2006: 4). As such he warns members of both risk being unknowingly factionalised as they 'learn' IPE, insulated as they are from the other school and, I argue, unreflective of differences in their spacio-temporal contexts. As these two factions debate theories of system regulation and system ethics many, including Cohen, have called for bridges to be built between the two: allowing us to benefit from US IPE's scientific rigour and British IPE's originality. I argue that these calls rest on the assumption that scholars of the two schools are motivated more by their academic socialisation rather than their wider social context. As stated earlier I see scholars motivation and purpose as reflective of their particular balance of instrumental and normative freedom – freedoms that are primarily defined by their wider social and historical context.

The relative domination of IPE by the British then US schools primarily reflects the historical surpluses of time, wealth and power afforded to each. Their yet vast differences reflect their different balance of instrumental and normative freedom. I suggest here that this balance is determined by the aggregated degree to which members of each society are able to unify their individual instrumental and normative concerns. Hence, I argue that this aggregation, despite problems of generalisation, is the primary determinant of success for theories of IPE. Theories are not delivered to the academic field of IPE as complete and self-identifying packages, but were instead identified by the field itself in numerous historical 'taxonomies' (see for example Gilpin, 1975; cf. Cohen, 2006). By seeking heritage from names and subject in labels these theories are effectively fixed in space and time and deprived of the subtleties of their spacio-temporal development: witness the common association of Hegemonic Stability Theory (HST) with Robert Gilpin and of Neoliberal Institutionalism (NLI) with Robert Keohane despite both theories having earlier proponents (Milner, 1998; Hasenclever et al., 1997). This tendency to personify theory lends likely undue coherence and purpose to what I argue are genealogies of discourse that have achieved critical recognition. The main difficulty for I as an individual is that the critical acceptance of these opposing orthodox and heterodox theories rests not on an approximate equidistance from some 'truth' or 'universal ethic' but instead on the limits of their particular, socially-permitted expression of frustration or satisfaction. I propose that we all favour an understanding of how our world works and how it ought to be that maximises the chances of satisfying our particular instrumental and normative concerns as we best dare to understand them. The theories we favour express our attempts to accept our

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satisfaction or frustration with our politically and economically determined fate. My overriding frustration is that those of us with greatest potential to change the global political economy are failed by IPE because it has effectively monopolised our efforts to understand how to – therefore undermining our conviction.

With this understanding we favour theory that attends more to the rationalisation of our fate than the fate of the global political economy. Normatively, then, we all express a frustration that our world is beyond our collective total control. Unfortunately, if Onuf (2002) is right – that we are not merely actors but agents within a world of our making then his argument is heard only by the small world of IR and IPE scholars. But then, by his own assertion:

*'For any of us as agents, the world is the whole of our experience. Once we stand back and become observers, we see many worlds, worlds within worlds, some of which we belong to, some not. By definition, the world that we live in is boundless. Conversely, we are obliged to move closer to see very much of what is happening within that world. The closer we stand the more likely we are to have an effect on what we see.'*

(Onuf, 2002: 119)

Individuals within our world can be both agents and observers but when 'doing' IR and IPE these two roles are divided. While 'everyday' agents in our world commonly understand that all actions have reactions, however distant and indirect they maybe, their understanding of the causal relationship can best be described as a 'butterfly effect' whereby the smallest of actions could have exponentially larger reactions in some distant place but with no positive feedback. This understanding can both discourage and encourage action: encourage because it frees us from responsibility of our actions; discourage because it undermines the success of our efforts. How can we in our 'everyday' claim agency without lifting ourselves to the position of observer in order to understand what world we live in and how it works? This division of labour between observer and agent forged by IPE will forever subordinate the consciousness of existing 'everyday' agency for the sake of the as-yet unrealised, self-proclaimed potential of scholarly-informed public policy. Crucially, this relationship presents 'everyday' individuals as naive to their context and having outsourced the task of their concerns. In short, Onuf's acceptance of the observer/agent division as an analytic necessity denies IPE analysis as a universal pursuit: We can't all understand the world so we need to employ a few to do it for us. At best this will increase the delay between understanding and action; at worst it will deny understanding at all. But for the dominant scholars of IPE, I argue, this outcome is not of paramount concern as they, in a global context, live in societies that have historically benefited from the development of our global political economy and hence the balance of their normative and instrumental concerns is weighted to the former. If they fail to progress understanding of the global political economy it is unlikely to immediately impinge on their instrumental concerns.

The recently blossoming literature concerning the case for a constructivist political economy (see Abdelal et al., 2005; Palan, 2000) stresses the role of intersubjective understandings in the social production of knowledge. This literature has sought to theorise how actors in the global political economy overcome the uncertainties of unique situations and unpredictable probabilities as described by Frank Knight in 1921 by the construction of information of mutually acceptable accuracy. Building on the work of Knight and John Maynard Keynes those whom Leonard Seabrooke term 'economic constructivists' have recently championed the contribution of ideational and normative factors to institutional change and furthered our understanding of the processes of rationalisation or reasoning that may be derived from intersubjective understandings (2007). By reviewing work by Pepper Culpepper and Jacqueline Best, Seabrooke captures well the increased recognition of what Best describes as the 'essential freedom and contingency of human activity and the resultant persistence of resistance and contestation' as well as Culpepper's shared desire to make possible the better socialisation of policymaking (2005: 30 and 2003: 19; cf. Seabrooke, 2007). Constructivist political economy is finding warm reception from those who share their commitment to the ideational and normative and have time to 'tap deeper into processes of rationalisation' (Seabrooke, 2007: 382). My fear is that I have previously been geographically and socially inclined to adhere to the British school and that constructivist political economy will provide further excuse for me to insulate myself from the imperative to lessen the delay between understanding and action in the global political economy.

I must now, however, stop short of reifying the lessening of this delay as the complete negation of it would be to

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replace uncertainty with deterministic certainty and hence the denial of agency within a world of perfect information and unambiguous possibilities – a world not of our making. If we need always be reconciling our instrumental and normative concerns then there will always be a long-run tendency for them to converge. For those of us whose fate is largely determined by the global political economy our agency increases as we are better able to act on our understandings before they become redundant. Our individual understandings must come not from theories past their sell by date – detached from their spacio-temporal context. Instead they must come from personal reflections – reflections that not all of us can afford. Put simply: If we can afford to reflect on our experience within the global political economy then we are likely satisfying our normative concerns at the expense of others' normative and instrumental concerns. If we have such opportunity of agency we must act quickly before the convergence of our ideational and material concerns demotivates us as the possibilities of our fate lessens. If the passage from youthful optimism to geriatric cynicism can teach the scholar of IPE anything then it is that the global political economy has afforded many in the West extended life and greater wealth but our understanding of it has failed to motivate much exercise of power by those who have most of it. We must all constantly consider how best to exercise power within the global political economy and to what extent this exercise will limit that of others. If we exercise our power to a degree that forces some to defy the global political economy then we risk unpredictable and possibly violent possibilities.

It is only at this point, after discussion of my personal experience and reflections, that I feel able to indicate favour of any particular theory. Considering the purpose I set myself I must favour theory that: allows for acceptable satisfaction of individuals' balance of concerns; does not exacerbate the delay between understanding and action; avoids risk of unpredictable or violent defiance and enables the continued benefits of reflection. As a British citizen I am doubtless benefiting from Britain's successful historical accumulation of surpluses of power and wealth. Along with the time that these also afford I could be tempted to pursue the possibilities of a truly egalitarian society in which all are afforded the rights necessary to have effective agency within their world and hence satisfaction with their fate. However, I believe that if such a world is a shared norm then it would be best pursued as a collective. So, I feel that the best use of my potential power would be to maximise the chances of overcoming collective action problems that plague the rational choice framework for individual action. Hobson and Seabrooke deny any synergy between 'everyday IPE' and rational choice theory as the latter '[seeks] to provide a 'better' account of the sources of regulation and order ... [and] can blind us to revealing everyday contestations to the exercise of power by elites' (2007: 9). But, as I have put forth, what if we wish to analyse choices that are not 'informed by historically and socially contingent identities and interests' (2007: 9). If we can permit the possibility that individuals may seek to re-secure their instrumental and normative concerns outside of their existing political, economic and social context – securing their identity in the future rather than the past – then we cannot deny the promise of the rational choice framework for understanding and action. Identities need not be assumed or intersubjectively constructed; they may simply be made of our dreams and convictions. Hobson and Seabrooke provided for me a framework with which to see rationality in the seemingly irrational actions of those who live on the edge of the global political economy. In complement I have attempted to rationalise the seemingly irrational inaction of those within – those with most potential power – and now favour a theory that could realise this potential if only we dare to have the courage of our convictions.

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