



International Political Economy

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Most specialists date international political economy's (IPE) birth to the year 1970 when British scholar Susan Strange published an article entitled 'International Economics and International Relations: A Case of Mutual Neglect' (Strange, 1970). In this article, Strange criticized the fact that, in most universities, courses in international relations were inadequate to understand the changes occurring in international economics and vice-versa.

The field of IPE emerged in the 1970s in the UK and the United States and subsequently in other parts of the world. Why then? In the 1960s and 1970s, several international factors contributed to the growth of IPE as a field of research. The decline of the United States, at least in relative terms, combined with the emergence of new economic giants such as Germany and Japan, sparked a series of debates on the decline of US power or hegemony. The post-war period was further marked by a wave of independencies among former European colonies. Starting

in the 1970s, newly independent countries called for a different international economic order. These actors gradually became members of various international organizations, which made it more difficult, not only for the United States but also for the other western countries, to exercise leadership on the international scene and to adopt norms that would achieve consensus in international organizations.

Other factors helped launch IPE. The first oil shock in 1973, the problems of economic growth and stagflation in the 1970s and the debt crisis of Latin American countries, such as Mexico, Brazil and Argentina during the 1970s and 1980s, caused great anxiety over international economic stability. Added to that was the economic interdependence and internationalization of major corporations from the Western world. With the collapse of the Soviet Union and the accelerated development of new information technologies, IPE reached a tipping point in the 1990s. The multiplication of studies on globalization permitted IPE to

become enduringly institutionalized in political science departments. Hence, the debates about economic interdependence, globalization and the decline of US power marked the birth of IPE as a field of inquiry.

Despite its relatively young age, IPE has since grown dramatically. It is now an academic discipline with a coherent set of concepts, theories, research programs and reference works. It has its founding authors, and many professors describe themselves as specialists in this discipline. In the United States alone, more than 30% of university professors, in the broad field of international relations, list IPE as their first or second field of research, making it the second most popular field in international relations after security issues. The situation is similar in Canada with 26% and in the UK with 24% (Maliniak et al., 2012: 28–9).

WHAT IS IPE?

Although the definition of IPE is still the subject of debate, researchers generally agree that IPE is concerned with international politics and international economics, that is to say, beyond state borders. One of the most cited definitions of IPE comes from one of its founding fathers, the late Robert Gilpin. For him, IPE is ‘the reciprocal and dynamic interaction in international relations of the pursuit of wealth and the pursuit of power’ (Gilpin, 1975: 43). In 2000, Jeffrey Frieden and David Lake defined IPE more simply as ‘the study of the interplay of economics and politics in the world arena’ (Frieden and Lake, 2000: 1). In the *Routledge Encyclopedia of International Political Economy*, R. J. Barry Jones offers a similar definition of IPE. According to Jones, IPE ‘addresses the complex interrelationship between political and economic activity at the level of international relations (IR)’ (Jones, 2001: 813–14).

While these definitions are the most agreed upon, other definitions exist as

well. In his major work published in 1987, *The Political Economy of International Relations*, Gilpin himself presented IPE as the study of interactions between states and markets (Gilpin, 1987: 8). Joseph Grieco and John Ikenberry also chose this formulation (Grieco and Ikenberry, 2003). Likewise, the founding mother of IPE, Susan Strange, titled her textbook, published in 1988, *States and Markets: An Introduction to International Political Economy* (Strange, 1988). However, in her book *Retreat of the State*, Strange declares her regret over the choice of this title (Strange, 1996: 3). She would have preferred ‘*Authority and Markets*’ as, according to her, the state is no longer the main source of authority in the international system.

Jeffrey Frieden and Lisa Martin believe that the emphasis placed on economic dimensions most distinguishes this field of research from other fields looking at international issues. According to these authors, the field of IPE includes ‘all work for which international economic factors are an important cause or consequence’ (Frieden and Martin, 2002: 118). In contrast, Stephen Krasner, one of the most important realist theorists of IPE in the United States, maintains that IPE ‘is concerned with the political determinants of international economic relations’ (Krasner, 2008: 108).

According to Ronen Palan, those who consider IPE a sub-discipline of international relations (the orthodox) would prefer to call their discipline ‘international political economy’, while those with a more multidisciplinary conception of IPE (the heterodox) would prefer the term ‘global political economy’, in order to show that global political economy does not focus solely on the politics of international economic relations (Palan, 2000). But this distinction is not rigorously respected. For example, the flagship journal of the heterodox school is entitled *Review of International Political Economy*. Certain authors with heterodox leanings also use the term ‘*new international political economy*’ to distinguish it from the orthodox approach.

APPROACHES TO IPE

To describe a global and cross-area perspective of IPE debates that has been neglected in political science because of the domination of the US and Eurocentric approaches, we can adopt Immanuel Wallerstein's concepts of core, semi-periphery and periphery. Based on the research of a team of professors working on the project Teaching, Research, and International Policy (TRIP) who conducted several studies on international relations and IPE around the world, and on the introductory textbooks, we can conclude that the core of the theoretical production in IPE indisputably consists of the US orthodox school. Even critics of orthodox IPE concede it is the school that has produced the principal debates and theories and has dominated the discipline since the 1970s (Paquin, 2016; Cohen, 2014).

The semi-periphery is constituted of the Neo-Gramscian and the British school, which are part of a larger heterodox approach. The periphery is constituted of the green and the feminist IPE. They are heterodox in their epistemological conception of IPE. These last theories or approaches tend to be ignored in the major textbooks and in the training of young scholars, especially in the United States. In many cases, these theories are labelled 'critical theories'.

The orthodox school, which is massively concentrated in the United States, derives largely from political science departments. Its level of analysis nowadays lies mostly at that of medium-range theories. Its research agenda focuses on subjects such as cooperation, international institutions, power relations, globalization and especially US hegemony. Its objective is to understand how the world works without passing normative judgments. The orthodox school is not very open to disciplines other than economics, political science and international law. It also bears a dual allegiance to positivism and quantitative methods. This school has a bias for rationalism and positivism; it resides

on the two pillars of traditional hard science. The orthodox school values the scientific method based on the natural science model and causal theories.

With the passing of time, it has adopted a scientific culture closer to that of neoclassical economists. The style is reductionist and demonstration is nowadays often quantitative. The majority of its authors favour methodological individualism and rational choice theory. The school's orthodoxies have a predominantly materialist and neo-utilitarian vision of the world. Constructivism and reflective ideas-based analyses are largely absent from the analysis. The orthodox school is becoming more and more focused on quantitative methods and increasingly on formal modelling (Paquin, 2008, 2013a, 2013b, 2016; Cohen, 2007, 2008, 2014).

The orthodox school is divided into many theoretical approaches: realist, liberal (the predominant perspective in IPE) and domestic politics, also sometimes referred to as 'open economy politics' (Paquin, 2016). The constructivist approach, apart from a few exceptions, remains marginal in IPE. According to Abdelal et al., who published a collective work in 2010 in which they sought to introduce constructivism in IPE, constructivism is progressing everywhere 'except in the mainstream of international political economy, which has remained resistant to this trend. As used to be the case elsewhere, the view of the world that still informs much political economy scholarship is materialist and rationalist' (Abdelal, Blyth and Parsons, 2010: 3).

The semi-periphery is formed from the works of the heterodox school: the Neo-Gramscian school and the British school. The Green and the feminist IPE make up the periphery. All of these approaches, with the exception of some of the (liberal) green theories, can be labelled 'heterodox'. Heterodox approaches are characterized by their critical orientation with regards to IPE and to the works of the orthodox school. The heterodox school does not accept the world as

it is (Cox, 1981; Strange, 1984). Compared to the orthodox school, the heterodox school is more explicitly normative and focuses on questions of justice, ethics, morality and equity in IPE. Robert Cox once wrote: 'The point is not just to explain the world but to change it' (Cox, 2008). The heterodox school does not believe in the idea of adopting the scientific culture of the hard sciences model (Paquin 2013a, 2013b, 2016). That approach is deemed inadequate for understanding the real world in which we live: the world of the social sciences. The heterodox school is predominantly post-positivist. It tends to reject quantitative methods and formal modelling. It is also very critical of rational choice theory and willingly develops holistic approaches. It is much more open to the role of ideas, identity and values. Its works are closer to the tradition of research in interpretive historical sociology, quite the opposite of reductionism. It is also explicitly interdisciplinary. The heterodox school concentrates on very big questions such as: who has power in the global economy?; what is hegemony?; and how does international finance work? To answer these much bigger questions, researchers must consider a much wider range of factors. Positivist epistemology is thus largely useless, as the parameters are changing and all relevant factors must be analysed (Paquin, 2013a, 2013b, 2016; Cohen, 2007, 2008, 2014).

A warning is necessary: it is true that these debates and this opposition between the scientific culture of the orthodox school and the heterodox school give a good overview of what the IPE discipline is today, but they do not do justice to the great diversity of the work since its foundation. As an example, Robert Gilpin or Peter Katzenstein (1998), of the US orthodox school, never abandoned their historical analyses. In addition, the differences appeared only gradually and they are now at their peak. They are especially visible among the new generation of orthodox authors.

The orthodox and heterodox schools are ideal types, that is, they exaggerate certain

traits in the thinking of several authors and link ideas that make it possible to give meaning to the reality. This typology forms and structures ideas in a more logical and homogeneous way than the reality. In other words, orthodox authors are orthodox to varying degrees, just as heterodox authors propound varying degrees of heterodoxy. Therefore, instead of seeing this divergence between orthodox and heterodox in terms of two totally opposed schools, it is preferable to imagine it as a continuum on which the orthodox approach is on one end and the heterodox on the other. In the end, however, the division with regard to IPE theories is very real and is based on different scientific cultures that are largely incompatible and irreconcilable.

BASIC THEORIES AND CONCEPTS

The main themes that have structured the core researches in IPE since the 1970s are globalization and interdependence and hegemonic stability theory, in which the United States has the leading role and regime theory and international institutions (for the debates about globalization see Helen V. Milner, Chapter 73, this *Handbook*). International finance, environmental issues and gender are also very important topics.

Hegemonic Stability Theory

Since the 1970s, the principal analytical debate in IPE, with globalization, was centred on hegemonic stability theory. For many scholars, the declinists, the US leadership was in decline in the early 1970s because, on 15 August 1971, US President Richard Nixon suspended the monetary system established by the Bretton Woods Agreement in July 1944 during World War II. With this action, the US head of state planted a seed of doubt: had the world's most powerful country begun its decline, just like the British Empire before

World War I? If so, would history repeat itself? Would the decline of the United States plunge the world into a maelstrom of instability marked by a new economic crisis like that of 1929 and a global conflict like World War II?

A contrario, to remain stable, does the international system require a ‘stabilizer’ – that is to say, a hegemony that has enough power to ensure the system operates smoothly? These debates gave rise to hegemonic stability theory, one of the founding theories of IPE. The answers to these questions, and to many others, would structure the evolution of the debates in IPE from the time of its foundation in the early 1970s until today.

Historical economist Charles Kindleberger (1973) was the first to formulate the terms of the debate in his book *The World in Depression, 1929-1939*. He ascribed the depression that followed the 1929 crash to the US government’s hesitations to assume the leadership of the world after World War I, when it seemed evident that the British Empire was in decline and no longer able to fulfil this role. Kindleberger believed that to work properly, the world economy needs one stabilizer – and only one. In the context of the inter-war years, it could only be the United States.

According to Kindleberger’s theory, the benevolent leader is a powerful state that assumes responsibility for the common or public goods on the international stage. In his opinion, to avoid prolonging of the crisis of 1929, the United States should have shown leadership to keep markets open for distress goods, set itself up as a long-term or counter-cyclical capital lender, adopted a more stable exchange rate system, coordinated macroeconomic policies and served as a last resort lender in order to provide the international financial system with the necessary liquidities.

Kindleberger contended that the problem with world public goods is that the responsibility for them lies essentially in the hands of the country that plays the role of world leader.

As all countries can profit from public goods without assuming the costs, the multiplication of free riders overwhelms the benevolent leader, which is no longer able to keep up this responsibility. Thus, for Kindleberger, the problem for the United States in the 1980s was not too much power but not enough – not an excess of dominance but, instead, too many free riders.

In IPE, this debate was initiated by Stephen Krasner in a 1976 article. For Keohane, even though Krasner was not the first to discuss the subject, his article was the one to most clearly set the terms of the debate that has engaged IPE researchers since the 1970s. In this article that appeared in the journal *World Politics*, Krasner maintained that an open economy on the international level is more likely to come about ‘during periods when a hegemonic state is in its ascendancy’ (Krasner, 1976: 323).

This article is highly critical of the approach developed by Joseph Nye and Robert Keohane about interdependence in world politics. Krasner wrote:

The basic conventional assumptions have been undermined by assertions that the state is trapped by a transnational society created not by sovereigns, but by nonstate actors. Interdependence is not seen as a reflection of state policies and state choices (the perspective of balance-of-power-theory), but as the result of elements beyond the control of any state or a system created by states. This perspective is at best profoundly misleading (Krasner, 1976: 317).

While this approach may explain the developments within an international economic structure, as Krasner argued, it cannot explain how the structure was actually created. In his article, Krasner aimed to show that the structure of international trade is in fact determined by the interests and power of states acting to maximize their own national interests. In summary, it is not because free trade is theoretically good for all players – even the less productive, as Ricardo maintains – but that it is perceived as such by each state taken individually. The distribution of

power between states is the key factor. His article's most important conclusion is that a hegemonic power distribution is conducive to an open trade system. Krasner called this the 'state-power' argument (Krasner, 1976).

A second author who has contributed significantly to the realist version of hegemonic stability theory is Professor Robert Gilpin of Princeton. In 1981, Gilpin published *War and Change in World Politics*. One objective of this book was to adapt Kindleberger's thesis to the realist IPE perspective. However, Gilpin's greater ambition was to explain the growth and decline of hegemonic power and to explain change in IPE (Gilpin, 1981: 10–11). Gilpin devised the theory of hegemonic power cycles.

Gilpin's general thesis is implicitly rationalist and utilitarian. He argues that an international system is built because social actors (states) enter into relationships and create structures while at the same time pushing for their own self-interests. The system's structure reflects the distribution of power within the international system. As power and interests are not static factors, the system transforms and forces actors to re-examine their strategies. The system is in equilibrium when no player can hope to gain from a change in the system. When a state believes it can gain, i.e., when the benefits of the change outweigh the costs, the system can change.

The central point of Gilpin's book is that when equilibrium is achieved, it probably will not last, as the costs of maintaining the system outweigh the benefits. If the dominant power(s) cannot restore equilibrium, the new system will reflect the new distribution of power. Gilpin's thesis is in keeping with Kindleberger's idea, especially regarding the necessity for the hegemonic power to assume responsibility for the international public goods. Furthermore, the hegemonic power must add order and security to its responsibilities (Gilpin, 1981: 10–11). Unlike Kindleberger, Gilpin does not think of the hegemonic power as a benevolent leader whose role is to stabilize and be responsible

for the international system. For him, the hegemonic power acts on the international stage in its own national interest.

In 1987, Robert Gilpin published his major synthesis *The Political Economy of International Relations*, the most widely used reference work in IPE courses in US universities during the years following its publication. In it, Gilpin argued that US hegemony in the international system had been in decline since the 1970s, and that this was affecting the liberal order formed after 1945. Gilpin saw two reasons for this decline: first, the exporting of US technologies to other countries in the world, which accelerated the reconstruction of Western Europe and Japan; and second, the dramatic rise in the costs of containing the USSR. In this context, the US government was no longer able to impose its supremacy or retain its competitive advantages in the world.

In this increasingly difficult economic context, which began with the Vietnam War and continued into the Reagan administration, Americans were more and more reluctant to bear the cost of the international public good, as a number of countries profited from the system put in place by the United States after 1945, increasing their own wealth and power by free-riding on the back of the United States. Consequently, the United States, guided by their national interest, no longer acted as Kindleberger's benevolent leader but as a 'predatory hegemon'. For Gilpin, this meant that the United States was less disposed to subordinate its own interests to those of its allies, and that in its international actions, it tended to exploit its hegemonic status to reap advantages in keeping with its national interests, which it defined increasingly narrowly (Gilpin, 1987: 345). This situation prompted a new era of neomercantilism.

This transformation had critical consequences for the international system. It signalled first, the return of protectionism and mercantilist policies on the part of the declining hegemonic power and, second, the return of regionalism and aggressive bilateralism

(Gilpin, 1987: 363). This type of behaviour garnered sanctions from the other members of GATT, risking further deterioration of the situation. These transformations posed a serious threat for the international trade system and for the survival of the liberal order. The exacerbation of rivalries complicated post-hegemonic cooperation. In the new edition of his book in 2001, Gilpin uses the same type of analysis but targets China as the new potential rival of the United States. For Gilpin and realist theorists, these changes are not good news, especially due to the fear of a hegemonic transition war.

One recent contribution to the debate comes from Graham Allison with his book 'Destined for War' (Allison, 2017). According to Allison, when a rising power like China threatens to take the place of the hegemonic power like the United States, it can lead to a very dangerous situation similar to the one described by the Greek historian Thucydides in his history of the Peloponnesian War. The rise of Athens and the fear it instilled in Sparta created a situation where a war was seen as inevitable. This situation is known as being the 'Thucydides's trap'. According to Allison, over the past 500 years, there are 16 precedents of a rising power threatening a hegemonic power. In 75% of those cases, the final outcome was war. The goal of Allison's book is not to predict the future but to prevent a war between two superpowers. Since wars did not occur in 25% of these cases, it is possible to avoid a war between China and the United States, but, according to Allison, that will require a statecraft capable of dealing with a rising power.

Liberal Institutionalism

The other major debate that has been dominating IPE debates since the 1980s is about the role of international institutions and cooperation. Its main objective is, to paraphrase the title of a book by Kenneth Oye, to explain 'cooperation under anarchy' in the

context of the decline of US hegemony (Oye, 1986).

Initially, liberal institutionalists accepted realist theorists' idea that cooperation is sometimes difficult due to the anarchic nature of the international system. They maintained, however, that institutions can facilitate international cooperation. Therefore, Keohane asked the following question: 'how can cooperation take place in world politics in the absence of hegemony?' (1984: 14).

Contrary to some realist theorists' predictions, the role of international institutions did not diminish with the decline of US hegemony that began in the 1970s, according to the orthodox school of IPE. Rather, these institutions tended to become more important in international affairs. Realism and neorealism were confronted with an 'ocean of anomalies' in terms of international cooperation (Keohane and Martin, 2003: 75). This paradox needed to be explained.

Liberal institutionalists believe that international cooperation became increasingly important after World War II. It became more institutionalized and extensive, as the following organizations demonstrate: the UN, the GATT (and later the WTO), the World Bank, the IMF and, on a regional basis, the European Union, in addition to many international regimes. For Robert Keohane, potential collective gains explain the considerable increase in the number and reach of institutions of multilateral cooperation (Keohane, 1999: 36).

According to Robert Keohane and Lisa Martin, institutions are 'persistent and connected sets of rules (formal and informal) that prescribe behavioural roles, constrain activity, and shape expectations' (Keohane and Martin, 2003: 78). Institutions establish, to varying degrees, the rules of the game. These international institutions may take several forms: an international or formal non-governmental organization, an international regime or informal agreements. It is the degree of institutionalization that differentiates institutions.

The multiplication of international institutions indicates a growing institutionalization of world politics, which seems to be to everyone's advantage, even that of the superpowers. Keohane believes that superpowers, because they seek to influence events throughout the world, need rules that are generally accepted by other states. Even an uncontested superpower like the United States could not achieve its objectives by exercising its influence only through bilateral relations: a policy of persuasion carried out on such a scale would have too high a cost (Keohane, 1999: 37).

According to Robert Keohane and Lisa Martin (2003: 81), liberal institutionalism is a criticism of, and an amendment to, realism. Initially, liberal institutionalism adopted practically all the basic assumptions of neorealists, except that it treated information as a variable. Liberal institutionalists did this less out of conviction than as a research strategy. As Keohane and Martin write (1995: 43), 'this decision was admittedly taken more for analytical convenience and rhetorical effect than out of deep conviction. It was a tactical decision, later reversed, rather than part of institutional theory's hard core'.

States are thus utilitarian and rationalistic and exist in an environment where international agreements cannot be hierarchically enforced. Therefore, institutionalists anticipate that states will cooperate only if they have enough interests in common. The crucial difference between neorealism and liberal institutionalism is the role of information. Neorealists believe that information about the intentions of states is important but of poor quality. States must therefore assume the worst and act accordingly. They may cooperate, but this cooperation is not durable and takes place on an ad hoc basis. Neorealists doubt that it is possible for states to systematically improve the quality of information coming from the international environment. Thus, the lack of information and the impossibility for states to fundamentally change the international system force them to opt for a defensive strategy.

For their part, liberal institutionalists consider information a fundamental variable for explaining interstate cooperation. Information, they say, may be influenced by human actions. While a lack of information may limit cooperation in an anarchic system, nothing prevents states from acting to improve the quality of the information available in order to promote cooperation. Liberal institutional theories, therefore, pertain to the role of international institutions in the production and propagation of information. These institutions may perform this role in many ways. They may help make the behaviour of states understandable by providing information on the intentions of other states, by establishing standards or by providing reliable causal theories on the relationship between an action and a result. In all cases, they reduce both the costs of the exchange and the uncertainty. They are at once an independent variable and a dependent variable, because they change as a result of human actions and transform the processes and expectations, which may profoundly impact the behaviour of states (Keohane and Martin, 1995: 46).

The landmark work that structured the neo-neo debate is *After Hegemony*, by Robert Keohane, published in 1984. In this book, Keohane aims to demonstrate that states can cooperate even when the hegemonic power, after playing an important part in setting up cooperation institutions, has begun a period of relative decline. According to Keohane, repeated attempts at cooperation in the 1970s suggest that the hegemon's decline does not necessarily mean the death of cooperation (Keohane, 1984: 9). International institutions are crucial in IPE because they make communication easier, thereby reducing uncertainty caused by the lack of information.

Neorealist authors who are critical of liberal institutionalism suggest that if there was no hegemonic power, no country would follow up on or enforce international agreements and, consequently, none would apply sanctions against free riders. For institutional neoliberals, the question presents itself only

when two actors are involved in a single-round situation. In the contemporary international system, however, international cooperation between states takes place on many issues and over a long period. Consequently, as the probability that the actors will meet again is sufficiently high, the issue of the next interaction will be important to them. Therefore, it is in their interest to play the cooperation game (Axelrod, 1984).

The political market failure approach in IPE has been applied to other issues related to international trade, finance and the environment (Stein, 1990). A state might, for example, hesitate to conclude a free-trade agreement, though economic theory says that all countries signing the agreement will win, even those at a disadvantage in all sectors of production. The best strategy for each state is to apply an optimal tariff, but if all countries behave the same way, they are all at a disadvantage. If one country does not impose a tariff while others do, this country will probably be in an unfavourable situation. These political market failures could be diminished, even eliminated, by the creation of international institutions such as the World Trade Organization. This institution can determine the norms of what is acceptable behaviour for a state, establish and enforce the rules of the game, conduct studies and follow-up on important issues and provide a dispute resolution process.

Neo-Gramscian Hegemony

The neo-Gramscian approach, originally theorized by Robert Cox, is a perspective in IPE that focuses on change in historical processes, social structures and social dynamics in order to understand world order and IPE. Fundamentally non-determinist, this approach concentrates on the historical conditions for the emergence of a particular social order within a country and its effects on world order. Contrary to the problem-solving theories that Cox identifies with

orthodox theorists, the neo-Gramscian approach has an explicit normative aim. The neo-Gramscian school also has an affiliation with the Marxist and neo-Marxist approaches. The neo-Gramscians' greatest contribution to the debates in IPE is their concept of hegemony, which they see as a form of structural power based not just on military strength and possession of the means of production, but also on ideas and civil society. Hegemony becomes an intersubjective process.

Inspired by the analyses of Antonio Gramsci, Cox built his theory on the idea of hegemonic control in capitalist societies in order to explain how the dominant ideas about the social order help to maintain that order. In his works, Cox transposes Gramsci's ideas and concepts regarding domestic politics (hegemony, historic bloc, organic intellectuals, etc.) in order to construct and explain his own conception of world order. The neo-Gramscian approach in IPE projects Gramsci's ideas onto the international scene (Cox, 1996: 124). For Cox, hegemony at the international level is:

[...] is an order within a world economy with a dominant mode of production which penetrates into all countries and links into other subordinate modes of production. It is also a complex of international social relationships which connect the social classes of the different countries. World hegemony can be described as a social structure, an economic structure, and a political structure; and it cannot be simply one of these things but must be all three. World hegemony, furthermore, is expressed in universal norms, institutions and mechanisms which lay down general rules of behaviour for states and for those forces of civil society that act across national boundaries, rules which support the dominant mode of production (Cox, 1996: 137).

For Cox, since 1945, a hegemonic order has been built in response to the capacity of the United States – the dominant power – to define the norms of the desired order in universal terms that are compatible with the interests of other states. This form of political domination is not experienced as such by those who are under it. The dominant power

instead manages to have others adhere to this order, sometimes at the cost of certain sacrifices. Once implemented, neo-Gramscian hegemony moves from a relational to a structural power relationship.

International institutions are the product of hegemony. The characteristics of international institutions that strengthen the hegemon's power are: '(1) the institutions embody the rules which facilitate the expansion of hegemonic world orders; (2) they are themselves the product of the hegemonic world order; (3) they ideologically legitimate the norms of the world order; (4) they co-opt the elites from peripheral countries; and (5) they absorb counterhegemonic ideas' (Cox, 1996: 138). International organizations such as the UN, the World Bank, the IMF, GATT and, nowadays, the WTO are mechanisms through which the universal norms of the hegemonic power are expressed and diffused. For Cox, international organizations have contributed to the particular structure of the international order by strengthening the dominant forms of state. International organizations become organs for spreading the interests of the dominant power.

The British School: Structural Power

The institutionalization of IPE in the UK owes a great deal to Susan Strange, and her desire to build IPE on multidisciplinary foundations became a distinctive trademark of the British School. The British School's lack of a coherent research paradigm has led to a great diversity of works from globalization to the relations between markets and the states to international finance. Causal theories are often absent and formal modelling non-existent. The main strength of these works is that they target problems, underscore injustices and show up areas of absence of governance, order or authority. While the orthodox approach aspires to scientific 'objectivity', the heterodox approach is more openly normative in the tradition

of pragmatism and moral philosophy. The heterodox school adopts a less formal methodology that is closer to interpretive historical sociology. This method is more compatible with the larger ambitions of heterodox researchers. The orthodox school is more intensive while the heterodox school is more extensive.

In 1994, with the publication of the first issue of the *Review of International Political Economy* (RIPE), the bias for a multidisciplinary approach became the norm. The inaugural editorial stated:

RIPE's raison d'être is to bring together these exciting new attempts to understand contemporary social change by facilitating dialogue and debate across existing academic divides. This will be our contribution to nurturing a new IPE. The implications of this are that, in traditional terms, the journal will inevitably be 'multidisciplinary' in scope and 'interdisciplinary' in spirit (RIPE, 1994: 2).

One important contribution of the British school is Susan Strange's theory of structural power. In the second half of the 1980s, Susan Strange joined the debate on the decline of US hegemony with a thesis that was a direct response to the 'declinist school', whether represented by Robert Gilpin, Stephen Krasner or Robert Keohane. For Strange, hegemonic stability theory is vague and ambiguous, as the existence of a hegemonic power only partially explains why one order prevails at certain times, but not at others.

She also disagreed with the observation that the United States had lost power and that this decline of US power explained the disorder within the international system. For Strange, this idea that had dominated the debates in the United States since the 1970s was largely a myth. The theory of the decline of hegemonic stability served simply to excuse the refusal of the United States to assume its role as the leading world power, a position which, according to Strange, it still held in the 1980s. In contradiction to declinist theories, she proposed a new theory of power in IPE, that of 'structural power' (Strange, 1987; 1988a).

Strange's theory aimed to demonstrate that the US empire was not in decline, but, on the contrary, that it held the power necessary to exercise leadership at the world scale, not only for its own interest, but also for the international system as a whole. To prove her argument, Strange explained how US power was deployed without overt coercion and why, despite an increasingly persistent impression of the erosion of US power, the United States was still the dominant power in the world economy. The result is a theory of structural power, not just of relational power as is common amongst realists and liberals.

Strange found absurd the notion that US power was in decline, because in the world as we know it, structural power is also shaped by the economy, finance, knowledge and communication and the size of an army. The United States forms a 'non-territorial empire' organized around large transnational firms. The US trade balance deficit should not be understood as a sign of the decline of the Empire as the subsidiaries of US firms abroad repatriate their profits through financial circuits, which allows them to pay their shareholders and to minimize, or even cancel, the effects of the trade deficit on the US economy.

According to Strange, in the competition between the USSR and the United States, the Soviet empire developed according to a classical political, territorial and military logic, while that of the US is fundamentally a deterritorialized power that goes beyond the military framework to have an economic, financial and social dimension. Contrary to the USSR, which reached the level of superpower based essentially on its military strength and its relational power, the United States attained superpower status by building a structural power and, contrary to the USSR, the United States did not fail miserably on the economic, financial and social levels. The USSR lost the battle due to its territorial millstone and because it could no longer keep up with the deterritorialized and

penetrating power of US influence. Strange's thesis is not incompatible with the one Joseph Nye would develop on *soft power* in 1990 (Nye, 1991).

Strange also argued that declinists' fundamental error is that they adopt an exclusively relational conception of power. They establish a relationship between resources and outcomes that is too direct. Outcomes cannot be predicted based only on knowing that the United States holds such and such resources compared to another state. Furthermore, according to Strange, two types of power can be exercised in IPE, structural power and relational power. In the competitive game, it is increasingly structural power that prevails. Relational power is a Weberian concept and manifests as the ability of an actor to have its will prevail, even against resistance. Strange gave the example of the German army in 1940, who obtained Sweden's consent to cross their 'neutral' country (Strange, 1988: 24-25). Instead, declared Strange: 'Structural power, on the other hand, is the power to shape and determine the structures of the global political economy within which other states, their political institutions, their economic enterprises and (not least) their scientists and other professional people have to operate' (Strange, 1988: 24-25). For Strange, the four dimensions of structural power are: security, knowledge, production and finance. For Strange, the four structures have the same ontological status. No structure has precedence over the others. In the 1980s, according to Strange, the United States incontestably held the highest structural power.

The Periphery: Green and Feminist IPE

This last section is about two peripheral heterodox theoretical approaches in IPE: Green and Feminist IPE. These are not emerging theories – some articles date from the 1980s – and though they are very important, they

nevertheless remain peripheral, as the majority of IPE specialists address them only rarely, or never. These perspectives are generally absent from introductory textbooks, syllabuses and reading lists for general examinations (Paquin, 2016).

Green IPE

Environmental issues are increasingly influencing IPE theories. The acceleration of globalization is having a considerable effect on the environment. The importance of the environmental issue, in particular the issue of biodiversity, climate change and the decarbonization of economies, inevitably lead to the integration of environmental issues in IPE debates.

A great many Green IPE theories are compatible with the debates of the liberal orthodox school. For the orthodox, the environmental issue has become a new topic that can be analysed using analytical tools and existing theoretical frameworks. Another school also exists in Green IPE theory and it shares many points in common with heterodox approaches. This approach may be qualified as critical as it is 'problem-posing' rather than 'problem-solving', to use Robert Cox's terms. They are essentially multidisciplinary and, above all, are very obviously normative in their orientation. Critical Green IPE theorists aim to promote environmental justice and seek to theorize the ecological injustices of the industrialization and globalization eras.

To begin, Green theorists criticize realists for having only marginally integrated environmental issues in their reflection. Their silence or their relegation of environmental issues to the realm of 'low politics' is seen by the Green theorists as a form of implicit support for the unbridled exploitation of the planet. Then again, critical Green theorists are also skeptical of rationalist analyses based on liberal regime theory. Analysing environmental problems in terms of international regimes

draws our attention away from the real driver of environmental degradation, the capitalist and industrialization dynamic. Green theorists criticize the 'rational' overexploitation of the Earth. Liberals, as a framework for action, accept capitalism and are favourable to free trade and more generally to the world as it is. Critical Green theorists in IPE are skeptical of the economic planning so dear to mercantilists, and they are opposed to trade liberalization projects as proposed by liberals (Bernstein, 2001).

Critical Green IPE authors are more clearly in the category of pessimists. For them, environmental degradation caused by human activity has a long history. The problem has reached such a level that some authors question not only the secondary effect of economic growth, but also economic development itself. A key influence in this debate has been the Club of Rome report published in the 1970s and entitled 'The Limits to Growth'. While liberals contend that environmental problems are the consequence of a political market failure that can be solved by enforcing a carbon tax or by establishing international regulatory institutions, for example, critical Green theorists tend to see environmental problems in apocalyptic terms of biblical proportion. The industrial era lifestyle is the problem.

More radical approaches promote zero growth – a position that goes further than the proposal to make development sustainable, which was advocated by the Brundtland Report. Many critical Green theorists criticize the sustainable development approach because the report assumes that sustainable development can be achieved through the acceleration of economic growth. Critical Green economists reject the position of neo-classical economists who believe that by putting a price on pollution, we will change the behaviour of actors and thereby reduce pollution (Schlosberg, 2007). Better environmental standards cannot be arrived at by achieving greener growth, but by changing the system (Eckersley, 2010: 262).

Feminist IPE

Feminist approaches, for their part, are definitely positioned on the fringes of IPE. Their affinity with heterodox approaches and their rejection of positivism fosters this marginalization. In IPE, none of the paradigms of the orthodox approach have been significantly influenced by feminist works, and, despite signs of sympathy, the neo-Gramscian and the British School do not use gender as a category of analysis.

Feminism entered the debates in international relations and in IPE theories almost simultaneously towards the late 1980s and the early 1990s (Tickner, 1991, 2011, 2013). The main goal of feminist theories is to make gender visible in the real world (Paul and Amawi, 2013: 294). Feminist theorists analyse IPE through a gender lens, but IPE feminists want not simply 'an IPE with women in it, but the creation of a fully gendered IPE' (Paul and Amawi, 2013: 294). Peterson (2005: 309) further asserts that gender 'is constitutive of contemporary international political economy itself'. To promote research on women in world politics, a specialized journal was created, the *Feminist Journal Of International Studies*.

Feminists in IPE are concerned with the subordination of women in world politics. Feminist works deal notably with the gendered division of labour. This division arose in 17th century Europe with the new division of labour produced by the creation of remunerative work, essentially male, in the public sphere versus unremunerated work, essentially female, in the private sphere. Men became 'breadwinners' while women became 'housewives'. With the acceleration of industrialization, women who entered the labour market found themselves disproportionately in underpaid jobs in the textile, services or subsistence farming sectors. The history of capitalism is also the history of the marginalization and subordination of women (Tickner, 2011).

Starting from this idea of marginalization, IPE feminists have focused on a variety of

topics rarely studied by their male colleagues, topics such as unequal access to jobs; economic and social inequalities in developing countries; the implications of trade liberalization on the condition of poor women; development issues where women are more present than men; maternal mortality in the world; unequal access to education; genital mutilation; inequities in family law; life expectancy and poverty rates among women; the condition of women refugees; human rights violations that afflict women such as rape in wartime and sex trafficking (Peterson and Runyan, 2010; Enloe, 2004).

These works have shed light on the fact that, globally, women earn lower wages than men and occupy a disproportionate place among the poor and vulnerable people in all societies. Even when women do get better jobs, they tend to earn lower wages than men. Women are also clearly marginalized at the executive, legislative and judicial power levels in all countries, even in Scandinavian countries, which have the best record of reducing the gender gap.

Conclusion

As we have seen in this article, the debates in IPE are broadly determined by two very different and largely incompatible scientific cultures: on one side the, orthodox school and, on the other, the heterodox school. The latest generation of orthodox researchers in IPE claim they are developing more rigorous theoretical frameworks that better satisfy the demanding principles of positivism and empiricism. This approach, they believe, facilitates the generalization and accumulation of knowledge. The orthodox school considers heterodox approaches too eclectic, or even eccentric, to be valuable. It condemns them as unscientific and relegates them to the semi-periphery or periphery of the debates in IPE.

The positivist approach, mobilizing quantitative methods at will, finds its strengths

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chiefly in the construction of the research methodology. Overall, what makes this school attractive is the fact that the methodology is at the forefront, that it is clearly stated. This makes it much easier for a student to emulate an orthodox researcher in IPE than to emulate Robert Cox or Susan Strange. In heterodox IPE, there is no precise guide about how to conduct research and about what constitutes acceptable research. The demarcation line between ideology and scientific research is not always very clear. Few heterodox researchers are concerned about the falsification criterion, as advocated by Popper, which is crucial in orthodox IPE.

That said, the quantitative turn and the recent obsession with formal modelling has led orthodox IPE to become increasingly abstract and has reduced the complexity of the world to its simplest expression. The greatest problem with contemporary works in orthodox IPE is that the perverse quest for rationality and the overuse of statistical methods to explain how the world functions disconnects these works from the real world. The sophistication of theoretical models separates them from this reality rather than bringing them closer. In addition, positivists are fundamentally incapable of considering non-observable realities such as ideology, identity or the social construction of social life.

For Benjamin Cohen, the major difficulty with the works of the mainstream approach in orthodox IPE lies in the deficit of imagination amongst researchers, and more particularly in their inability to envisage or even to consider radical systemic changes. Since the 1990s, the new generation of IPE researchers have completely forgotten or ignored key issues. They are no longer asking themselves the big questions about world politics. Consequently, according to Cohen, the latest IPE researchers are deadly dull and are failing to see the fundamental and important issues for the real world. Orthodox IPE is incapable of explaining change, contrary to heterodox works. Even if heterodox works do not have

the methodological rigour and the standards of the orthodox school, they did, for example, anticipate the financial crisis of 2008.

Robert Keohane now also shares this point of view. On the subject of the recent evolution of IPE, he writes: '[...] I view it with a gnawing sense of dissatisfaction' (Keohane, 2009: 38). For Keohane, what is most lacking in contemporary orthodox IPE is an interpretation and an understanding of change. He continues: 'Substantively, what is missing for me in contemporary IPE is the synthetic interpretation of change' (Keohane, 2009: 40).

Heterodox approaches are multidisciplinary, normative and very critical of orthodoxy. It is difficult to pass global judgment on the works of the heterodox school as these works are so varied and unequal in quality. While some authors approach genius, others are mediocre. Some problems arise from the fact that, in many cases, the methodology is not explained or the works do not take into consideration the existing research in the field. The analyses of Robert Cox or of critical authors in Green IPE are hermetic for students, not to mention for practitioners. These works are fashioned to be on the fringes of mainstream debates due to their very critical approach and their eclecticism.

Is there a place for compromise and perhaps even synthesis? In IPE, the two schools complement one another on the objects of study, and the multidisciplinary approach of the heterodox school would allow importing new ideas and new debates in the United States. Nevertheless, the heterodox could develop sounder methodological approaches.

However, as we have seen, since the 1970s, the orthodox and heterodox approaches have steadily grown apart. For many years now, there has been minimal dialogue between the two schools. There is a US hegemony over the discipline and the majority of American researchers are convinced of the superiority of their approach. The progression of constructivism in international relations may permit an opening and some form of reconciliation between the schools in IPE. These rapprochements are,

for the time being, rare. Yet they are desirable, because, as Susan Strange suggested, in IPE, Catholic complexity is often preferable to Protestant parsimony.

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