

What is IPE?

I. India versus Indiana

II. Key Players and Ideas

A. States

B. Markets

III. Theory and IPE

IV. The Big Questions



Who is Exploiting Whom?



Indiana Government...



...or India's Technical Workers?

International Political Economy....

- How **STATE** decisions alter the creation and distribution of wealth
- How **MARKET** outcomes influence political decisions
- How both interact within particular **SOCIAL** and **POLITICAL** frameworks
- Political Economy thus deals with the *intersection of politics and economics* – how **STATES** and **MARKETS** interact to shape the **GLOBAL ECONOMIC SYSTEM**



States and Nations

STATE: A political actor with four traits.

- **Territory**
- **Population**
- **Government**
- **Sovereignty**

NATION: A group of culturally, historically, linguistically, ethnically, etc. similar peoples who feel a communal bond

- **May or may not have a state**



The International State System

- Interactions among states *as a whole* can be conceptualized as *the international system*.
- A **SYSTEM** in a general sense refers to a *set of interrelated units* and a *pattern of interaction* among them.

STRUCTURE of the system (sovereign states [anarchy] and the balance of power)

PROCESS of the system (patterns of interaction)



Power

- **POWER: The ability of one state (or actor) to get another state (or actor) to do something, even if they don't want to, which is a function of...**
 - Capabilities (“Hard Power”)
 - Influence (“Soft Power”)

Balaam and Veseth also distinguish between:

- **STRUCTURAL POWER: The ability to alter the structure of the global political economy.**



Global Economic Structures

Balaam and Veseth note four structures of global economy

- Security Structure**
- Production Structure**
- Finance Structure**
- Knowledge Structure**



Key Actors

- **States (National Governments)**
- **International Organizations (WTO, IMF, World Bank)**
 - **Regimes: Decision-making structures [IGOs] and norms of interaction**
- **Non-State Actors (NGOs [aid organizations]; MNCs [Exxon; Nokia, etc.]**
- **Citizens/Consumers**



Economics and Markets

- **ECONOMICS: Study of choices regarding allocation of scarce resources.**
- **MARKETS: Method of allocating resources using *prices* as the central mechanism.**



Theory and IPE

- **THEORY:** a set of concepts and hypotheses which posit cause and effect relationships between various social and political factors.
- **Purpose of Theory is to (a) Describe (b) Explain (c) Predict**
- **‘Probabilistic’ Theory (multicausality; free will)**
- **Empirical (‘What is...’) v. Normative (‘What should be...’) Theory**



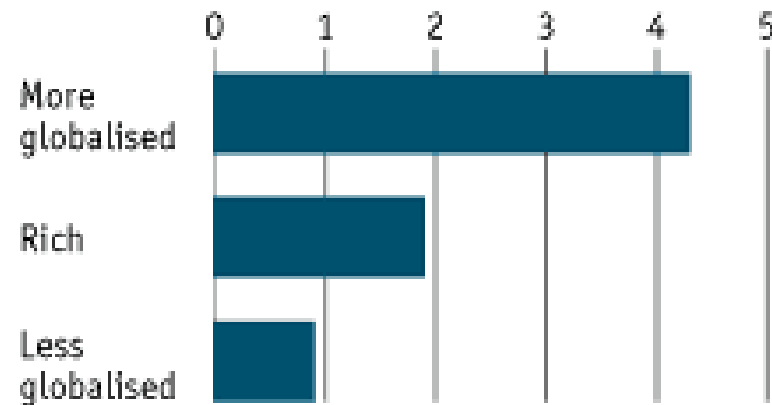
Trade and Growth

The benefits of integration

2

Average annual growth of GDP per head
1990-2001, %

Countries that are:



Sources: "Globalisation, Growth and Poverty" by David Dollar and Paul Collier, World Bank, 2001; *The Economist*

The Big Questions

- How does it all work?
- What do we want?

IPE is all about....

VALUES!!

