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CHAPTER 31

INTERNATIONAL POLITICAL ECONOMY

JOHN RAVENHILL

The whole point of studying international political economy rather than international relations is to extend more widely the conventional limits of the study of politics, and the conventional concepts of who engages in politics, and of how and by whom power is exercised to influence outcomes. Far from being a subdiscipline of international relations, IPE should claim that international relations are a subdiscipline of IPE.

(Strange 1994, 218)

1 THE EMERGENCE OF IPE

INTERNATIONAL political economy (IPE) emerged as a significant field of study in the early 1970s. As often happens in the study of international relations, the

I am grateful to the editors, Benjamin J. Cohen, Anthony Payne, Nicola Phillips, and Len Seabrooke for comments on a July 2006 draft of this chapter. I have benefited from reading draft chapters from Benjamin J. Cohen's forthcoming Princeton University Press book, *Building Bridges: The Construction of International Political Economy*, which promises to be the definitive history of the early development of the field.

appearance of a new field was a response to developments in the real world that existing theories appeared not well equipped to explain. The context was the growth of economic interdependence that had occurred following the completion of Western Europe's and Japan's recovery from wartime devastation, dramatic increases in foreign direct investment—initially in response to the formation of the European Common Market—and the transformation of the structure of international trade away from the historically dominant exchange of manufactures for raw materials to one increasingly characterized by intra-industry trade.

From the perspective of many observers, however, it would be more accurate to state that IPE *re-emerged* as a significant field of study in the 1970s. For them, its lineage can (and *should*—because this is very much a prescription for the future directions the field should take) be traced back to the classical economists (Adam Smith, David Ricardo, John Stuart Mill, and so on), the nineteenth-century theorists of social change (Karl Marx, Émile Durkheim, and so on), and the institutional economists and anthropologists (Thorstein Veblen, Karl Polanyi, and so on) of the late nineteenth century and first half of the twentieth century (for such a perspective see, e.g., Gamble et al. 1996; Underhill 2000; Watson 2005). Others with a narrower conception of the field would nonetheless acknowledge significant contributions before the late 1960s, notably Albert Hirschman's pioneering study (1945) of asymmetrical economic relations, and Jacob Viner's examination (1948) of mercantilism. And, as early as 1951, the business economist and economic historian Charles P. Kindleberger, whose work was to be particularly influential in the resurrection of IPE in the 1970s, had written about the Bretton Woods institutions in *International Organization* (Kindleberger 1951).

The trigger for the field's revival and rapid expansion was the trade and payments problems experienced by the United States in the second half of the 1960s, which culminated in the Nixon administration's decision in August 1971 to devalue the dollar and to end the gold-exchange standard that had provided the foundation for the Bretton Woods international monetary regime. As J. Lawrence Broz and Jeffry Frieden (2001, 317) note, this dramatic action ended the "tedious predictability of currency values under Bretton Woods" that had "lulled most scholars into inattention." The new "turbulence" that ensued in the global economy was exacerbated by the success of the Organization of Petroleum Exporting Countries (OPEC) in dramatically pushing up the price of oil following the outbreak of the 1973 Middle East war, the consequent "stagflation" that emerged in industrialized economies, their fears over the future security of supply of raw materials, and demands by less developed economies for a "New International Economic Order" (NIEO).

These developments challenged the then-dominant approaches to international relations on several dimensions. In particular, they posed a challenge to the ontology of realism. Realists had never considered economic interactions to be significant in international relations save in their role as a component of national power (Knorr 1973; 1975). Moreover, the new literature suggested that realism's favorite

instrument, military force, was of limited utility in resolving some of the most prominent issues currently in contention among the industrialized economies, and between them and less developed countries. An equally fundamental challenge to realism's ontology was the emphasis that the new IPE literature placed on nonstate actors. One element of this was the attention given to the multinational corporation, drawing on work done primarily by business economists, work that had theorized the activities of corporations from a very different perspective to that of neoclassical economics (Penrose 1959; Vernon 1966; 1971; Kindleberger 1969; 1970; Hymer 1976; for an early work from an IPE perspective, see Gilpin 1975). But the rebirth of IPE coincided with a new interest in a much broader variety of nonstate actors, the seminal collection being the special issue of *International Organization* edited by Robert Keohane and Joseph S. Nye (25 (1971)) (subsequently published as Keohane and Nye 1972).

If the then-dominant approach to the study of international relations was not well equipped to address the new significance of international economic interactions, neither was the discipline of economics itself (although it is important to acknowledge that one of the key works that stimulated new thinking about the political consequences of increasing economic interdependence was written by an economist, Richard N. Cooper 1968). In its efforts to emulate the natural sciences, mainstream economics had become increasingly mathematical in its orientation, and its modeling of behavior reflected a commitment to methodological individualism. Whereas the study of economic institutions and economic history used to be part of the core undergraduate training in economics, by the second half of the 1960s it had all but disappeared from the curriculum. And development economics—that branch of the discipline that had the greatest affinity with political economy—came increasingly under attack. Economists in the neoclassical mainstream perceived its emphasis on the role of the state and on the necessity of conceptualizing the problems faced by less developed countries differently from those of the industrialized world as standing in the way of a unified science. The attack on the ontology and methodology of economics and the discipline's consequent inability to pursue a "realist" approach (that is, one that could account for the role of power) in the study of international economic relations was spelled out most strongly in a pioneering article by Susan Strange (1970). Such views, however, were by no means confined to European writing—see, for instance, Robert Gilpin's magisterial introduction to the field, *The Political Economy of International Relations* (1987). It was no coincidence that some of the pioneers of IPE were refugees from the economics profession—including Strange herself, and Benjamin J. Cohen.

Students of international relations had challenged realism in the 1950s and 1960s primarily through studies that focused on the experience of European integration as an exemplar of how one might move "beyond the nation state" (Haas 1958; 1964; Deutsch et al. 1957). These approaches, especially neofunctionalism, were to provide the intellectual foundation on which much early work in IPE in the United States

would build (and their implicit if not explicit constructivism would provide some of the inspiration for a new generation of IPE scholars in the 1990s—see Ruggie 1998, 862). Yet, while the emphasis in neofunctionalism on economic interactions, on institutions, on ideas, on interest groups, and on the creative role of intellectual and policy entrepreneurs sat well with the ontology of the fledgling field of IPE, neofunctionalist approaches themselves were not well placed to explain the new turbulence in international economic relations. By the end of the 1960s, disillusionment had set in among neofunctional theorists. This disappointment arose because of the lack of consensus on identifying dependent variables (for instance, what would the end point of integration be?), and their relationship with a proliferation of independent variables (a problem exacerbated when neofunctionalist theorists turned their attention to non-Western regional schemes).

Moreover, the real world was not behaving as neofunctionalists had expected. Recalcitrant political leaders had slowed the process of integration in Western Europe (Hoffmann 1966). Meanwhile, the growth in significance of economic independence with extraregional actors seemed to cast doubt not only on the prospects for successful regionalism but also on the utility of theorizing that attempted to explain these processes—leading to Ernst Haas's famous conclusion (1975) regarding the "obsolescence" of regional integration theory. In the United States, those who previously had been prominently involved in studies of regionalism broadened their approach to focus on global interdependence, and made this the main organizing principle for the new IPE literature. Particularly significant in illustrating these links is the essay on international interdependence and integration by Keohane and Nye (1975).

2 WHAT IS IPE?

On one issue, most students of IPE have always agreed: IPE is a field defined by its subject matter. In itself, such a definition suggests that the field should reflect a tolerance for eclecticism in theoretical approaches, methodologies, and ontology. It stands in contrast to, for example, the study of political economy in neoclassical economics, especially the Chicago school approach, or to Marxist political economy.

It is the economic component of IPE that distinguishes the field from other areas of international relations (and the international dimension that distinguishes it from studies of the politics of "purely" domestic economic policies). IPE is thus a field that embraces "all work for which international economic factors are an important cause or consequence" (Frieden and Martin 2003, 118). Gilpin's succinct statement (1987) that IPE encompasses the study of the interaction of "state and

market,” and thus of politics and economics, was used for many years as a shorthand definition of the field (see also Strange 1988). This definition remains popular (e.g. Grieco and Ikenberry 2003) even though in his later work Gilpin (2001) himself abandoned the phrase because of its failure to capture the significance of nonstate actors in the field.

An insistence on the economic component in defining IPE moves one away from impossibly broad conceptions that see IPE as comprising all nonsecurity aspects of international relations (Milner 2002). The subject matter of IPE may have been the most significant site in the last three decades for the development of certain concepts and approaches—perhaps the most prominent of which is the neoinstitutional approach to international regimes—that were subsequently applied to the study of other areas of international relations. Equally, students of IPE have been omnivores in borrowing concepts from other fields of international relations (from security studies, for instance—see Jervis 1998, 989, n. 59) and more broadly from other disciplines—most prominently in recent years from economics, but also from law, history, and sociology. But if IPE is to have any coherence as a field of inquiry, then it needs to be separated from the broader study of international institutions.

On both sides of the Atlantic, proponents of the new field of IPE viewed it as a component of the study of international relations. Strange’s pioneering article (1970), for instance, was a clarion call for students of international relations to pay attention to economics (in later work, reflected in the epigraph to this chapter, she saw international relations as a component of IPE rather than vice versa—but in large part because she was critical of the tendency of “mainstream” international relations scholars, especially those based in the United States, to confine their analysis to relations among states).

Very different conceptions of international relations—and hence of how the new field of IPE should be constructed—existed between the United States and the UK in particular, however, and these conditioned the future development of the field. Whereas scholars in the United States have typically conceived of international relations as part of the discipline of political science, the tradition in many universities in the UK has been to view it as a multidisciplinary enterprise—a divergence whose consequences are examined later in this chapter.

3 THE EARLY YEARS

Given the apparent destabilizing consequences of increased interdependence that had prompted the new interest in international economic relations, much of the early work in IPE was devoted to issues of how to restore collaboration among

key players in the global economy. In giving priority to this topic, analysts did not eschew the normative: It was not just a matter of attempting to identify the conditions under which cooperation might occur but also one of a clear preference (frequently stated explicitly) for restoring order. Similarly, in dealing with relations between industrialized and less developed economies, analysts were usually explicit in their calls for either a positive or a negative response to Southern demands for systemic change.

International monetary relations were a particular focus of early work, with Strange (1976) leading the call for the US hegemon to pursue policies that were more responsible (see also Cohen 1977). The focus soon broadened to the more general issue of how to sustain international economic cooperation in a situation where the relative power of the United States had declined—at least in comparison with the relatively brief period from 1944 onwards when the winning wartime coalition negotiated the framework for the postwar global economic regimes. And, after a diversion into what proved to be a theoretical dead end—the theory of hegemonic stability—the focus was broadened still further to ask how international regimes might help promote cooperation by changing actors' incentives, and the circumstances in which international institutions make a difference to outcomes (see below).

Considerable variance in the success of industrialized economies in coping with the challenges of oil price increases and with the threat of stagflation prompted a second major line of inquiry. The differential capacity of industrialized economies to cope with crises proved to be a subject where significant overlap existed with the interests of students of comparative political economy and of sociology—and some fruitful collaborative projects resulted (e.g. Hirsch and Goldthorpe 1978; Lindberg, Maier, and Barry 1985). This debate reflected a broader research agenda that embraced investigation of how the characteristics of states and their position in the international system conditioned governments' choice of foreign economic policies, and in turn how developments in the global economy affected domestic economic interests (Zysman 1977; Gourevitch 1978; 1986; Katzenstein 1985; Castles 1988).

Another area that received attention during the early years of IPE, consistent with the desire to move beyond realism's emphasis on military force, was the role of economic instruments of foreign policy, especially economic sanctions. Again, real-world developments stimulated this interest, with sanctions and boycotts figuring in the Middle East war of 1973 and in debates within the British Commonwealth in the 1970s on how to pressure South Africa to end its apartheid policies. Such instruments again came to prominence following the Soviet invasion of Afghanistan in 1979 (Doxey 1971; Hufbauer, Schott, and Elliott 1983).

The initial success of OPEC and the subsequent demands by less developed economies for an NIEO stimulated research on relations between industrialized and less developed economies, and the conditions under which producer associations

might overcome collective action problems (Bergsten 1974a; 1974b; Krasner 1974; 1985; Mikdashy 1974; Rothstein 1979; Ravenhill 1985). These topics again linked into the concerns and approaches of other fields of study—most notably development economics. And it was in this context that mainstream IPE engaged (albeit temporarily and usually from a critical perspective) most closely with Marxist and various structuralist perspectives on relations between industrialized and developing economies—particularly the literature on underdevelopment and dependency (Frank 1967; Wallerstein 1974; Cardoso and Faletto 1979; see also Cohen 1974, which provides a critical assessment).

While students of IPE attempted to move beyond what they perceived as realism's excessively narrow ontology, few of the studies—even those from a “radical” perspective—strayed from a commitment to elements of positivism, at least minimally—that is, in the sense of empirically based analysis. One reason arguably was the character of the field's subject matter, which lent itself to a relatively easy identification of interests and the strategies various actors deployed to pursue them. Positivist approaches were dominant in US political science; moreover, the two leading critics of “conventional” IPE—Robert Cox and Strange—were both disdainful of postmodern approaches, which, alongside those of Marxism and feminism, Strange characterized with typical bluntness as “woolly.”

In the early years, the main dividing lines within IPE corresponded with the broader “inter-paradigm” debate in international relations. Dividing the field into “liberal,” “Marxist,” and “mercantilist/statist” approaches became a convenient device for organizing introductory courses for students; the presentation of theoretical approaches as a trichotomy continued to be popular in textbooks long after its limited utility for classifying contemporary research in IPE became obvious. The principal vehicle through which the inter-paradigm clash was initially expressed in IPE was the debate over “hegemonic stability,” which combined elements of realism with arguments on the logic of collective action (for the realist variant, see Gilpin 1975; 1981; and Krasner 1976; while Kindleberger 1973 provides the classic statement from a public goods perspective). It soon became clear, however, that the hegemonic stability hypothesis was lacking in both empirical and theoretical support (Keohane 1997 provides an overview of the debate on hegemonic stability; see also Cohen forthcoming, ch. 3).

The clash between “institutionalists” and “realists” within IPE then broadened into a debate over the role of international regimes, and how they might affect the prospects for collaboration. The concept of international regime, originally introduced into the IPE literature by John Ruggie (1975), was popularized by Keohane and Nye's *Power and Interdependence* (1977). As Cohen (forthcoming, ch. 4) notes: “Rarely has a new concept, once introduced, caught on so swiftly in scholarly circles.” In the decade and a half after the publication of a special issue of *International Organization* (36 (1982)) devoted to the subject, the factors determining the demand for and supply of international regimes became the

dominant feature of IPE research (not just in the United States but also in parts of Europe—despite trenchant criticism from Strange 1982, who saw the concept as merely an unproductive diversion prompted by American concerns about the seeming decline of US hegemony: for European approaches, see Rittberger with the assistance of Mayer 1993; Hasenclever, Mayer, and Rittberger 1997). The inter-paradigm debate on regimes focused primarily on the issue of whether states' pre-occupation with relative gains would prevent cooperation from being realized. This again proved to be an argument that lacked a convincing theoretical foundation (Grieco 1988; 1993; Powell 1991; 1993; Snidal 1991a; 1991b; 1993).

The concept of international regime was intended to move analysis beyond a focus solely on formal international organizations, and on states as the only significant actors in the global economy. While the former objective continued to be pursued as the debate on regimes unfolded, the primacy of the state was reinstated in most studies of IPE in the United States when IPE, like other areas of international relations, was profoundly affected by the publication of Kenneth Waltz's *Theory of International Politics* (1979). This contained the most elaborate statement of Waltz's criticisms of arguments about the constraining effects of interdependence on great powers, and his reaffirmation of the continuing centrality of the state in all *significant* dimensions of international relations. Waltz's book was also a call for the discipline to become more scientific in its approach, emulating that of economics (from which, of course, his arguments about the logic of state behavior were drawn—Waltz was another refugee from the economics profession).

Following the publication of Waltz's work, a substantial convergence of views among many US students of IPE occurred around what became known as the "neo-neo" synthesis (Wæver 1996), a reconciliation of neorealist and neoinstitutionalist views. Crucial to this reconciliation was the adoption by neoinstitutionalists of at least a "soft" rational choice approach in which analysts again gave primacy to states, but which they now viewed as rational egoistic actors that were able without any great difficulty to identify their interests. The application of game-theoretic approaches played a significant role in advancing this agenda (Axelrod 1981; 1984; Keohane 1984; Aggarwal 1985; 1996). The consequence was a marked narrowing of ontology: Nonstate actors, such as the transnational corporation, largely disappeared from the analysis; and the role of ideas was largely reduced to "information." The significance of structures, emphasized not only by Strange but also by those such as Gilpin who followed more conventional realist analysis, disappeared from the neoutilitarians' horizons. Debates revolving around principals and agents replaced those on agency and structure. Normative concerns were deemed to be incompatible with the more "scientific" approach that was sought. Subsequently, the field of IPE appeared increasingly polarized between the "hard" rational choice analysis utilized by many US scholars, and what they often termed less "rigorous" methodologies applied by scholars elsewhere.

4 BEYOND DUBIOUS DICHOTOMIES

Over the years, it has been commonplace in discussions of the evolution of the field to draw a distinction between how IPE evolved in the United States in contrast to other parts of the world. Commentators have applied a diversity of labels, with various degrees of dyslogia, to this dichotomy. "Rationalist," "mainstream," "orthodox," "hegemonic," "conventional," the "*International Organization* school," "American," and most cutely, "*Ratiosaurus Rex*" (Dickins 2006) are all labels that have been used to describe what is perceived as the dominant approach to IPE amongst US-based academics. The antonyms have included "reflectivist," "radical," "progressive," "heterodox," "nonhegemonic," and "British." Because critics of the "American" approach have usually drawn up these dichotomies, it is perhaps not surprising that the latter group of terms generally have a far more positive connotation. While these critics are like a group of terriers snapping at the heels of the best-known American IPE specialists, their regular fate is simply to be treated with regal disdain in surveys of the field conducted by those they label "mainstream."

Pointing to differences in the way IPE is studied within and outside the United States builds on a substantial literature that portrays international relations as a "divided discipline" (Holsti 1985; Wæver 1998; Smith 2000). And, at one level of generality, such dichotomous treatments do resonate with differences in the methodologies and ontologies of the majority of IPE scholars in the United States as opposed to the preponderance of those in Europe. One finds few scholars committed to "hard" rational choice approaches outside the United States; similarly, one finds *relatively* few students of IPE within the United States who embrace perspectives informed by critical theory or postmodernism. Beyond this rather superficial level, however, the US-British dichotomy tends to obscure more than it illuminates. It is more useful to conceive of a spectrum of approaches to the study of IPE, where hard rational choice and post-structuralist/postmodern treatments represent the two extremities. In between is a "missing middle" where there is a far greater overlap between scholarship inside and outside the United States than simple dichotomies suggest.

The "disciplinarians" occupy one end of the spectrum. They conceive of IPE as a subfield of political science, and draw extensively less from work in other areas of international relations than from political science more generally and especially from economics, which many seem to regard as the "master discipline." As they have borrowed increasingly from the literature of economics, and economists themselves have applied techniques drawn from their discipline to the study of policymaking on economic issues (notable examples include Grossman and Helpman 1995; Bagwell and Staiger 1999; Irwin and Kroszner 1999), some have argued that the application of economic theory will provide a foundation for a unified social science. Their commitment is to a "scientific" approach to the study of IPE characterized by "rigorous theory" and "systematic empirical testing" (Frieden and Lake

2005). Their methodological individualism reflects the dominant approach of neo-classical economics. States may still be primary in their ontology of international relations, but much of their work focuses on opening the “black box” of the state—that is, in identifying the interests that determine the policies that states pursue.

The principal focus of this work has been on trade policies, although increasingly these methods are being applied to international finance (see the overview presented in Broz and Frieden 2001). They acknowledge institutions insofar as these shape the opportunities various interests have to influence policy—but have doubts as to whether institutions can be studied systematically, given problems of endogeneity and selection bias (Frieden and Martin 2003). Generally, however, the emphasis is on individuals rather than social aggregates: The median voter is more important than are social classes. Nonstate actors rarely figure in their analysis of the international dimensions of economic relations. They eschew normative approaches as inconsistent with a commitment to science. Similarly, they see little value in approaches beyond their own because of the lack of scientific validity in these alternatives.

At the other end of the spectrum are those who embrace critical theory and/or postmodern or post-structuralist perspectives, a much smaller group that typically is similarly intolerant of those who do not share their world-views. Authors writing from these perspectives deny that it is possible to construct a social science, that “objective” knowledge is impossible (building on Cox’s aphorism that all theory is for someone and for some purpose), that observers do (and should aim to) change reality through their work; they typically favor hermeneutic approaches.

Yet it is a caricature to suggest that the study of IPE within and outside the United States is captured by these two poles. Critics often present the “hard” form of rational choice analysis—that is, the formal modeling and reductionism associated with the discipline of economics—as *the* “American”, *the* “mainstream”, or *the* “*International Organization*” approach. Yet, despite the growing popularity of rational choice methods in political science departments in US universities, these are by no means the only methods employed in the contemporary study of IPE in the United States. It was the case that, while *International Organization* was under the editorship of Lisa Martin, an increase occurred in the share of articles that employed “hard” rational choice methods. Nonetheless, the journal continued to reflect a substantial variety of the theoretical perspectives and methodologies used by students of IPE—and the share of articles that used formal modeling in *International Organization* was still much lower than that in most other political science journals published in the United States (Murphy and Nelson 2001). It was the case, however, that the *International Organization* of 2005 was a very different beast from that of 1985 and 1995 (and there is a certain irony that the leading figures in the “*International Organization* school” against which early critics, notably Murphy and Tooze 1991, railed—the very individuals identified by Cohen (forthcoming) as the founding fathers of the discipline: Peter Katzenstein, Robert Keohane, Stephen Krasner, Robert

Gilpin—display little enthusiasm for the turn to hard rational choice seen in the journal in recent years).

IPE, like other fields of political science, is particularly prone to fads—and there is nothing in its history to lead one to think that the field will not at some point turn away from rational choice methods once the easy gains assimilated by borrowing ideas from economics have been exhausted. A new editorial team, which assumed responsibility for *International Organization* in 2007, based for the first time outside the United States, can be expected to move the field's leading journal in a different direction.

The category of “British” school is equally unhelpful: The geographic reference is misleading, given that some of the leading critics of rationalist approaches to IPE are based not in the UK but in Canada (Cox, Stephen Gill) or in the United States itself (Craig Murphy). Moreover, while many IPE scholars outside the United States are happy to appropriate the label of “critical,” it is, as Chris Brown (2001) points out, the criticism of the disaffected rather than critical theory as conventionally understood in the social sciences. Unless one equates non-American approaches with critical theory (which would make for a very small “school”), the diversity of approaches—a residual after subtracting the supposedly hard rational choice perspective of *International Organization*—makes any application of a single label (such as the “British” school) of dubious utility. There is no sensible parallel to be drawn here with the “English School” of international relations, where one can write credibly of a reasonably coherent body of thought.

Even outside the United States, relatively little work has been published on IPE using reflectivist epistemologies; indeed, the enthusiasm afforded such approaches in non-US surveys of the field has been disproportionate to their use in the study of IPE. With the exception of Gill (2003), van der Pijl (1998), and Murphy (2005), few have attempted to develop the agenda that Cox initiated. Even rarer is any reference to the Frankfurt School, influential in critical theorizing in other areas of international relations, or to the ideas of Michel Foucault. Although many IPE specialists outside the United States profess themselves open to a variety of theoretical, methodological, and indeed disciplinary approaches, few cross the dividing line between rationalism and reflectivism.

Their criticism of their American counterparts is typically of the narrowness of the ontology of neoutilitarian and rational choice approaches, often coupled with an expression of normative concerns over the distributive consequences of the current economic order. The plea is for an expansion of the scope of the agenda of IPE research, seen, for instance, in much of the feminist work on IPE, rather than for an adoption of post-positivist approaches (Ling 2000 and Whitworth 2000 provide rare calls for postmodernist feminist IPE). In this respect, many of the “critics” are not dramatically different in their views from one of the favorite targets of early critics of the United States “mainstream”—Gilpin. He, too, is disparaging of what he terms “economic imperialism,” the increasing application in the study of IPE of

the methodological individualism of neoclassical economics, and argues for more attention to be paid to recent developments in economic theorizing, such as the new growth and trade theories, and the literature on economic geography, as well as arguing for the importance of structures and of nonstate actors in the contemporary global economy (see especially Gilpin 2001). Of course, few scholars outside the United States would embrace the label of “realist” that Gilpin proudly wears, and there are differences in emphasis, especially on the subjects that individuals believe should be high priority for investigation, and on the significance of various social forces. But we see here an example of how the “US–British” dichotomy is misleading in suggesting that the contributors on the two sides of the Atlantic are poles (or worlds) apart.

A careful examination of IPE scholarship outside the United States would indicate that the bulk of it consists of “midlevel theories, contingent propositions, and empirically grounded generalizations drawn from the intense study of particular cases” (Frieden and Lake 2005, 137). Contributions from outside the United States have been particularly strong on regionalism (especially but not exclusively the European Union), on the impact of globalization on states, on development issues, and in the Katzenstein–Gourevitch tradition on the domestic sources of economic policies. This work may not constitute what Frieden and Lake regard as the way forward if the field is to become more scientific, but nonetheless is very firmly rooted in empirical analysis that can be subjected to falsification.

There is clearly a “missing middle” in crude dichotomies, a middle ground that provides the basis for bridge-building across the mythical Atlantic divide. A cursory glance at the so-called British IPE journals shows many instances of overlap in the work of scholars on both sides of the Atlantic. And there is, of course, a long tradition of non-US scholars working with their counterparts in the United States on collaborative projects across the various areas of IPE (some notable recent examples include Andrews, Henning, and Pauly 2002; Odell 2006).

Another potential bridge among those located in the middle of the spectrum is an increasing interest in normative issues—particularly on the part of neoinstitutionalist scholars in the United States. In particular, there is a new focus on questions of legitimacy—relating to global governance generally, including the role of nongovernmental organizations and other private actors. Concerns that in the last two decades have been left primarily to political philosophers with interests in international relations, such as Thomas Pogge (2002), are being reintegrated into the IPE mainstream (for further discussion, see Dickins 2006; a review article by Helen Milner 2005 combines an explicit normative approach with analysis of the impact of international financial institutions on less developed economies).

The single most important development in international relations theorizing since the early 1990s—the emergence of constructivist theorizing—has until recently found little resonance in the study of IPE. In the last few years, however, new research, particularly in international finance, has highlighted the importance of uncertainty and ambiguity in IPE, often in contexts where “appropriate” action

depends upon the actions of others. Constructivist approaches address a central issue of concern to many in the missing middle: when and how ideas and norms matter (examples of the new constructivism in IPE include Best 2005; Sinclair 2005; Seabrooke 2006; and Seabrooke 2007 is a review essay on recent contributions to economic constructivism).

5 AND NE'ER THE TWAIN SHALL MEET?

Most students of IPE agree on one matter: The range of topics covered by the field to date has been excessively narrow. The majority of the research has focused on international trade issues; global finance has been the second-most significant issue area but has received less attention than trade, while—despite their importance in a globalizing economy—issues relating to foreign direct investment and the reorganization of production have been left largely to management studies and to sociologists (e.g. Gereffi 1996; Gereffi, Humphrey, and Sturgeon 2005; Rugman 2005). The concern over the field's limited perspective has been over not just the range of topics investigated but also the actors that have been the principal focus of study. Despite the origins of IPE in a rejection of the state-centric ontology of realism, states continue to occupy the central place in most IPE analysis. Only a limited universe of states, that is. Less developed economies have rarely featured since the demise of the NIEO debate at the end of the 1970s, save as the objects of the policies of the international financial institutions or the industrialized economies—a reflection both of the difficulties experienced in Latin America and East Asia as a consequence of financial crises, and of the triumphalism of the West following the end of the cold war (Narlikar 2003 provides a rare exception).

Efforts to broaden IPE as a field of study have included work on the application of IPE theories to less developed economies and to development more generally (Payne 2005; Phillips 2005). Most commentators agree on the need to give greater attention to private actors. But to which actors is a matter of contention. For rational choice theorists, it is a matter of extending the approaches used to derive the preference of actors in trade policy formation to other areas—for instance, foreign direct investment (Frieden and Martin 2003). For others, the focus should be on the role of private actors in significant areas of governance, building on work done in other areas of international relations (e.g. Cutler, Haufler, and Porter 1999; Hall and Biersteker 2002; Underhill 1995 is an early example of work within IPE that focuses on private actors' roles in the governance of the global economy; Timothy Sinclair's study of credit rating agencies (2005) provides a recent example). For still others, the objective is to widen the agenda in a manner similar to that advocated

by many feminist scholars—to examine “everyday” actors previously overlooked (e.g. Hobson and Seabrooke 2007). Such differences in focus influence the choice of literatures/disciplines with which analysts seek to engage. For “hard” rational choice theorists, it is less with other areas of international relations than with the literature on US domestic politics, and of course with that of the economics discipline. For many others, the road ahead lies not necessarily in closer engagement with other areas of international relations but with political economy approaches either in other subfields of political science—notably comparative politics—or with those of classical economics. No one would pretend that the diversity of approaches current in the study of IPE can easily be unified—and many would not believe that this would be a desirable development.

What progress has been made in understanding the global political economy in the three and a half decades since the field of IPE came into being? Cohen’s answer is unequivocal. He writes: “If knowledge is measured by our ability to make definitive statements—to generalize without fear of dispute—the field’s success may be rated as negligible at best” (Cohen forthcoming, ch. 6). The field has seen plenty of excursions into what proved to be theoretical dead ends—whether the theory of hegemonic stability or the debate over relative gains. But as Cohen himself argues, to judge progress in IPE by whether or not students have produced a general theory is to set the hurdle unrealistically high. Even the excursions into dead ends did generate new understandings—for instance, of when considerations of relative gains might be more likely to come to the fore in states’ deliberations on whether or not to collaborate. We may not, for instance, have an approach that can enable us in all circumstances to deduce what actors’ preferences on trade or financial liberalization will be, but we do have a better understanding of when the alternative Stolper–Samuelson and Ricardo–Viner models are more likely to apply (Hiscox 2002). It is such middle-range, contextually specific theorizing that has been most fruitful in the development of IPE.

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