IPE Theories

I. Economic Nationalism/Mercantilism/Realism
Mercantilism: state uses economic strength to further national interests
Theoretical assumptions:
1. politics controls economic policy
2. nature of international economic relations: conflictual
3. IPE as zero-sum game
4. Primary economic actors: state and alliances
5. view of states: favorable
6. possibility for cooperation: difficult if not impossible
   a. hegemonic stability theory: explains economic cooperation under anarchy
7. views on development of LDCs
8. Political Economic Strategies employed by Mercantilists:
   a. Imperialism and neoinperialism
   b. Economic incentives and disincentives
   c. Protectionism and domestic economic support

II. Economic liberalism/Global Capitalism/Economic Internationalism
Economic liberalism: economic allocation of resources through the market
Theoretical Assumptions:
1. Economics drives politics
2. primary economic actors: individuals, MNCs, IGOs
3. current economic relations: interdependence
   trade as positive-sum game
4. origins of economic policy/ideology
   a. Adam Smith
   b. Invisible hand
5. Comparative advantage: central concept of economic liberalism;
   explains logic of open markets; driving force behind maximizing
   global prosperity and wealth
6. Pure capitalism has few adherents today
7. Keynesian economics
8. view of states: mixed
9. views on development of LDCs
10. Modern Economic Liberals
   a. ensure the spread of global capitalism and free trade
   b. ease worst inequities in IPE to advance competition
III. Marxism/Economic Structuralism

Marxism: explanation of IPE in terms of global economic structure
1. economic structure determines politics
2. politics is based on the way that the world is organized economically
3. division of world between haves and have nots
4. EDC work to keep LDC weak
5. need for radical restructuring of the global economic system
6. primary economic actors: economic classes
7. nature of IPE: conflictual
8. prescription for future: end divisions in wealth and power
9. view of states: negative
10. views on development of LDCs
11. Two major theoretical strands:
   a. Marxists: state and capitalism is inherent source of economic evil
   b. Dependency (Dependencia) Theorists: structural reform within liberal economic system possible