

Overview of International Political Economy

- Theory-Building and Evaluation
 - A theory is a statement of relationships among variables
 - Variables are concepts, defined by the analyst, that can take more than one value
- Theories are abstractions of the real world. They simplify in two ways:
 1. Focus on a limited number of variables
 2. Make “unrealistic” **assumptions**

- **When is a theory a “good” theory?**
 - Accurate, insightful predictions
 - Use “history” to find patterns which bear on predicted relationships (cannot conduct controlled experiments)
- **Variables in foreign economic policy**
 - Pressures from the global environment
 - interests of organized groups, political parties, politicians, and bureaucrats.
 - Structure of political institutions.

- **Levels of analysis (Int'l vs. Domestic)**
 - Choice of level depends on question
 - Some questions may require “2-level” analysis
- **International Approaches**
 - Realism (Hobbes)
 - Liberalism (Kant)
 - Marxism (Karl not Groucho)
- **Domestic Approaches**
 - Societal (groups, classes, political parties)
 - Statist: (politicians, bureaucrats, political institutions)

- **Assumptions: Int'l Approaches**
 1. Unit of analysis = nation-state (ignore everything within countries).
 2. Behavior = Nation-states are “rational.”
- **Assumptions: Domestic Approaches**
 1. Unit of analysis can be voters, interest groups, political parties, members of congress, bureaucrats, etc.
 2. Behavior = all are rational.
 3. All politics is local (int'l factors are important only as they affect domestic politics).

International Approaches

(outcomes determined by global environment)

REALISM

distribution of "power"
in the int'l system

LIBERALISM

incentives to cooperate
in the int'l system

MARXISM

distribution of econ power
in the int'l system

Domestic Approaches

(outcomes determined within nations-states)

SOCIETY

Voters

Interest groups

Political Parties

STATE

Politicians and bureaucrats

Political Institutions