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POLITICS VERSUS ECONOMICS: AN OVERVIEW OF INTERNATIONAL POLITICAL ECONOMY*

TAKESHI NOBAYASHI

Introduction

Since the 1970s, academia has made serious endeavors toward the development of International Political Economy (IPE). This discipline initially emerged from the field of International Relations that came into being after World War I, but it differs from the previous studies in many aspects. The most significant characteristic of IPE can be found in the emphasis it places on the interactions between the economics and the politics. The students of International Relations have traditionally regarded as critically and centrally important the military and security aspects of power politics and considered the balance of power as the ultimate mechanism to secure stability. IPE necessitates a shift, if not a change, in this preset perception, treating the economics as an equally significant factor.

IPE reflects the dynamic and turbulent political and economic course of events after World War II. Throughout the Cold War, military and security issues were inevitably defined as the “high politics” and played a crucial role. Needless to say, the economics, confined in the bounds of the “low politics,” attracted considerably less attention. However, as the Cold War structure diversified and deteriorated, and as the Bretton Woods regime gradually lost its effectiveness in maintaining the economic coalition within the Western bloc, economic issues began to seem far more problematic than ever. Furthermore, with the collapse of the Soviet Union and the end of the Cold War, military and security issues ceased to receive the contemplation and cogitation that it had enjoyed. Instead, the economics came to assume more importance. Such issues as trade conflicts between nations, restructuring of the international economic order, and international competition involving industrial productivity and technological advancement came to present themselves as highly strategic. More to the point, these events elevated the economics to the realm of the “high politics.”

IPE has thus emanated as a viable and practical medium by which the international relations in the present can be effectively analyzed. As each state strives to increase its individual productivity and to nurture its high technology industries, interactions among nations do not and cannot only remain political but they also become economic. This

* In this paper I developed and updated my arguments presented in the first and final chapters of a previous publication. See, T. Nobayashi, R. Oshiba, M. Naya and S. Nagao, Kokusai Seiji Keizai Gaku Nyumon [Introduction to International Political Economy] (1996), Tokyo: Yuhikaku. The book contains a Japanese bibliography which I omitted in this paper. I would also like to express my gratitude to Dr. Mariko D. Maeda of Hitotsubashi University; she helped translate this paper and went over the manuscript with me several times.
politicization of economics makes further development of this particular area of study absolutely indispensable.

Of the many analytical approaches to IPE, this paper will examine the perspectives that reflect the fundamental notions of the field. Therefore, the emphasis here is not placed upon specific arguments concerning particular issues, but rather upon the general understanding of this relatively new discipline. Such discussion will hopefully help promote a better understanding of international relations.

I. The Global Economy and the National Autonomy

The theory of IPE, as its name suggests, encompasses the economics and the politics on the international level and investigates the relationship between the two domains. Though too often separately defined, the two aspects of international relations are in reality closely connected. By examining them as factors that cast mutual influence, IPE provides a picture more complete.

Economic resources, as in goods and services as well as technologies, possess the dynamic force to facilely cross the national boundaries and to freely move internationally and, in some cases, transnationally. The argument that the world today is heading toward a stage where economic transactions take place globally would by no means appear to be an overstatement. Indeed, the economy is becoming more and more internationalized or, even more precisely, globalized. From such perspective, economic interactions that aim at the “effective and efficient exchange via market” differ so clearly from military and security affairs that are rooted in the “system of threat.” The former stresses the “mutual benefit and reciprocal support” based on interdependence, whereas the latter focuses on the distinction between the winner and the loser, the ruler and the ruled.

However, a dilemma exists between the expansion of global economy and the notion of national autonomy. While the economy grows beyond the borders that define individual nations, states most often tend to focus on their respective national interests that need to be maintained and expanded. This suggests some of the essential problematiques of IPE: how can the global economy and the national autonomy be balanced or, better yet, reconciled; how can the global economy contribute to the alleviation of the rivalry among states for economic and industrial hegemony; and ultimately, how can the globalization of economy lead the anarchistic condition of international competition to a stage more stable and more reciprocal? When one comes vis-a-vis these questions, the difficulty, if not the impossibility, of separating the economics and the politics becomes manifest; political events do appear inseparably intertwined with economic conditions.

The conflict between the global economy and the national autonomy may be approached from a broader viewpoint of the logic of economics and that of politics. On the one hand, the logic of economics, with its focus on economic efficiency, has the drive and the power to transcend the geographical and demographic demarcations that define each state. On the other hand, the logic of politics, which insists on the autonomy of the state, maneuvers to block the logic of economics. From this picture evolve several pivotal concerns of IPE. It needs to be addressed, for instance, how the two dynamic forces coexist in the world today, how the politics can try to control the economics or how the economics may reduce and bypass the
overwhelming pressure from the politics, and how the balance between the two forces can be achieved. These inquiries need to be perused seriously (Gilpin, 1987).

II. The Logic of Economics and the Logic of Politics

It may be expedient at this point to pause for a moment and ponder the definitions of the "economics" and the "politics." The two concepts may be elaborately deciphered in many a word, and this chapter can only cover what comprises the fundamental aspects of IPE. What is considered economic or political needs to be better illustrated, for it is what the following analyses will be based on. More problematically, the scholars of IPE are divided into two groups, depending on which aspect they choose to stress.

Of the two, the "economics" may be termed in essence as a "market mechanism by which resources are allocated." In societies where the "market economy" is prevalent, the types and the quantities of goods to be distributed, as well as the means by which they are produced, are decided by diverse economic actors such as corporations and households as they play active roles in setting prices. This mechanism determines the supply and demand in society at large. The "market economy" may be better understood in contrast to the "planned economy," an economic system based on socialism. In societies where the "planned economy" is the rule, from innovation and production to the exchange as well as the allocation of goods and services all rest in the hands of the state or, more precisely, the central government. In other words, the state controls not only the politics but also the economics. The comparison between the two models demonstrates the very disparate natures of economics. The aforementioned "interactions between the economics and the politics" can thus incite a wide range of observations and conclusions.

The word "economics" is often synonymous as the "market." The market economy travels beyond the national borders and pushes toward one global market. The ever-prominent expansion of the market economy is responsible for the recent tendencies of global economy, such as the internationalization of financial and capital markets, the deregulation of international trade, and the growth of international industries. The global economy will affirmatively continue to flourish and accelerate.

Let us now move on to the "politics." The term "politics" refers to the "authoritative mechanism by which scarce resources are allocated." The politics may be defined, alternatively, as a comprehensive term which describes various social interactions among diverse political actors (individuals, interest groups, and states, for example) that aim at extending their respective interests. Disputes and hostilities typically arise between the parties with conflicting interests.

In the world of politics conflicts seem unavoidable, and this necessitates some social structure that oversees political activities and that would call for a halt before unwanted outcomes. If left ignored, conflicts will wastefully dissipate resources and, in extreme cases, may result in disastrous and often sanguinary consequences. One structure that has derived from such need is the state. It occupies the critical task of adjusting and balancing opposing interests. By attributing authoritative powers to the state, the citizens will have their interests somehow equalized.

Just as the "economics" means the "market," the "politics" is analogous to the "state."
Since the state possesses the authority to allocate the resources, political actors shall comply with its policies even if the demands cannot be completely met. Political procedures yield the occasions for interests to be adjusted, and policies are the conclusive decisions derived from these adjustments. This process holds the state as principally responsible for its policies.

The fortunate and the less fortunate decided by political accommodations vary in each case, depending on the circumstances. The participants or the interests involved are even more diverse. If one particular actor continues to win all or most of its goals, the others that feel unjustly excluded from the allocation of resources will grow increasingly critical of the present authority. And the state will eventually lose its political legitimacy.

The world today still suffers from anarchistic conditions, in that there has not yet been an authoritative body that can control the diversity of states. While states vie with each other, however, there are actors whose activities expand internationally and sometimes transnationally. Namely, multi-national corporations (hereafter MNCs) and non-governmental organizations (hereafter NGOs) have crossed the boundaries of nations and have been active transnationally. In this sense, they have so far succeeded in transcending the existing framework of what defines a state. However, those actors are paradoxically tied to the presence of the state; born out of the necessity for transnational activities, MNCs and NGOs concern themselves with the means to make connections beyond the national borders and to reconcile their interests with those of the involved states. The reality is that the world today still centers around states, that most of the actors conduct themselves according to their reactions, favorable or not, to the conditions set by the states.

The inter-nation political system, therefore, still remains crucial, even if the international relations continue to be more reciprocal and the economy more globalized than in the past. The argument that the globalization of economy can alone change the political status quo should appear superficial and even naive. Indeed, the most significant change that the globalization of economy has brought forth is obviously not the breakdown of national boundaries but the reevaluation of the extant political structure and the modification of the present policies to confront the waves of globalization. The following chapters will discuss the different approaches taken by the market and by the state to cope with the globalization of economy, first from the perspective of economics and then from that of politics.

III. The Aspects of Global Economy

If the world economy is composed of autonomous national economies that are operated by sovereign powers, it is also appropriate to call it the international economy. The assumption here is that, as a major actor in the global society, the state should exercise its sovereignty over its economic transactions that involve other states. Note the gap between such presumption and the reality; various national economies are in fact incorporated into one gigantic world market, where national interests and standards are accommodated. Granted that the reality cannot be surmised to such simplicity and that the extent to which the economy is presently globalized cannot be hastily determined, the globalization of economy does appear to be the destined future. Despite the complicated nature of consolidating disparate states, the globalization of economy seems to engulf the entire world. Moreover, should a state opt to go against this flow, it would presumably suffer from detrimental consequences.
From the perspective of economics, the international economy is thus evolving itself to what may be aptly called the global economy. Whereas the international economy simply refers to a condition in which multiple national economies interact with each other, the global economy illustrates a world where these states are heading toward one conglomerate economic network. A close look at the recent events and the current conditions should account for what initiated and promoted this globalization of economy. Countless incidents have motivated this shift from the international economy to the global economy, but a few significant events would suffice to demonstrate the tour de force and the intensity of it all.

First of all, the changes in the international economic systems marked the starting point in the globalization of economy. Decades following World War II saw little interaction between the capitalist bloc and the socialist bloc. With the United States and the Soviet Union locking horns with each other, between the two conflicting economic blocs lay a deep chasm. It was the collapse of the Soviet Union that brought an end to the COMECON regime; the Soviet Union and the Eastern European nations were to struggle as they sought to build a market economy nationally and to join the capitalist economy internationally. Further, the People's Republic of China, politically still holding onto one-party authoritarianism, has formulated a new economic system. Fittingly termed the "socialistic market economy," China's new system suggests a clear shift from the past. The economic dichotomy that had divided the world since World War II finally dissolved, making the market economy the one viable option.

Secondly, the growth of international financial and capital markets has brought various national economies into one global network. Foreign exchange, capital and stock markets operate around the globe and around the clock. An inconceivable amount of capital moves from one place to another, in search of the maximum profit. No walls can stop the movement of capital; capital is a factor that, with no hindrance nor restraint, travels across national borders, leaving its imprint on various currency systems. The central bank in each individual nation at times intervenes in the foreign exchange market in order to stabilize the exchange rate, but the effect proves only temporary. Furthermore, not only the private sectors of industrialized nations but also those of developing nations are also crucial actors within the international financial and capital markets. Actively seeking capital, developing nations have reached the position where they can influence the markets that were originally developed by industrialized nations.

Thirdly, the role and the effect of foreign direct investment (hereafter FDI) cannot be overlooked. With the increase of FDI, not only does capital move internationally but also production technology, research and innovation techniques, and management skills all travel along. That the FDI is exchanged only among industrialized nations has become an old tale; in the present the FDI is made by industrialized nations in developing nations, and the products are no longer restrictively primary products but also include manufactured goods. Developing nations tend to usher in the FDI projects that enhance their manufacturing industries, hoping for the growth of their economies. Developing nations actively seek ways to participate in the global economic network, and the FDI provides them with a strategic copula and probably the most strategic one too.

Fourthly, and in relation to the three aspects that have already been mentioned, the management of corporations continues to grow globalized. Moving abroad does not merely imply finding markets to wheel and deal their products or securing locations to obtain cheap
labor. Corporations, primarily from industrialized nations, seek to find the most efficient usage of their managerial resources. By globally arranging specific offices and factories responsible respectively for production, research and sales, prodigious MNCs are already planning for one global market. Moreover, “strategic coalitions” have brought closer the MNCs with competing interests. Many MNCs, which once symbolized their respective national economic prosperity, have chosen to cooperate with their former rivals from different backgrounds. Their priority is clearly placed on the survival in the global market, challenging and modifying the traditional state-comes-first ideology.

Lastly, international trade is also in its course of globalization. International trade has historically strengthened the ties between nations, and during the recent years this tendency has become so prevalent that international trade has redefined the existing rules. It must be noted that, while the conventional rules of international trade used to cover mainly the manufactured goods or agricultural produce, the Uruguay Round of GATT negotiations extensively discussed new areas of international trade such as services and intellectual properties.

Behind this progression of economic globalization lay several factors. The current conditions can be more firmly grasped with a better understanding of the reasons. They collectively account for what motioned for the globalization of economy and how it has been carried out.

Firstly, technological innovations take place dynamically and rapidly, resulting in tremendous changes that have an impact worldwide. Secondly, not only industrial nations but also developing nations are influenced by such changes, and together they partake in one global network. Thirdly, communication and information technologies that have brought the nations closer help standardize the lifestyles and consumer cultures. Fourthly, newly industrializing countries (hereafter NICs) as well as China have emerged as dynamic markets and active participants in the global economy, expanding the scale of what is considered the global economy.

Raymond Vernon speculated in the early 1970s that the development of MNCs would threaten the existence of the state to the extent that the state would feel its “sovereignty at bay” (Vernon, 1971). Two decades later, the global economy has not only lived up to his prediction but also went beyond his wildest dreams; the global economy has grown far more profoundly and more intricately.

IV. The State as the Antithesis to the Global Economy

This chapter attempts to examine the present economic conditions from the perspective based on the logic of politics. While the economic-minded scholars insist on the effects that the economic globalization have on the states and their autonomy, the political-minded scholars stress the role that the states can and do play in manipulating globalization. The logic of politics rejects the argument that the role of the state is replaced by the expanding influence of global economy, and it emphasizes the active participation of the state in the economy. This is to say that, when the resources are allocated more favorably to one particular state, the other states will challenge the process. The idea of benefit and loss is comparatively determined corresponding to what the other states receive and do not receive. Nations may be interde-
ependent; but when interdependence conflicts with national interests, states have the will and the power to enact policies to protect themselves.

Despite the ongoing process of globalization, the state is an autonomous actor that, if and when necessary, will prove itself powerful enough to challenge the trend. The state stays extremely cautious not to have its autonomy restricted by outer forces or to show dependence on other states. After all, the world remains anarchistic and each state ought to protect itself as well as its interests on its own. The state thus emerges as a vital actor in the process of globalization, in that it creates the international order. The same, if not bigger, role is expected of inter-governmental organizations and regimes that consist of multiple nations.

The observations based on the logic of politics are persuasive, that each state must individually strive to protect its interests and form mutually dependent relations with the other states, and that no singular global organization has yet able to integrate the different nations. While acknowledging that the economic globalization continues to spread over the globe and that the expansion of it is irrevocable, the logic of politics contends that the state has two aims: that it must somehow keep the globalization of economy from hindering its internal economic stability and development, and that the state must find the means to lead the globalization of economy in favorable directions and must somehow coexist with it.

If the states are driven by the motivation to supersede the others and control them, the economics only presents one arena on which they could start yet another power struggle. The emphasis that was long placed on the military and security aspects has only been shifted to the economics, changing little, if at all, the fundamental structures of international power politics. The state as an actor, therefore, occupies the center stage of international relations, in that it has influence on or control over globalization. The role of the state in this context comes across magnified, and several elements are to justify this argument.

The first and perhaps the most important factor evolves from the absence of supra-national political body that integrates the states. Even the hopeful EU cannot infringe upon the autonomy of participating states. It is also simply unimaginable that more organizations like EU would spring up in every corner of the world. Rather, EU should be considered as an anomaly, a forced concert effort of European countries in order to successfully compete with the United States and Japan. It is the nationalistic sentiments of each state that often prevent a supra-national organization from emerging. The understanding that nationalism has historically brought upon catastrophic consequences is getting to be a consensus, but it will take sometime until the states learn to appreciate the races, cultures, religions, and civilizations, other than their own.

The second factor arises from the improved standards of living and the demand for further betterment. Once a state clears a certain level of economic development, it can no longer satisfy its citizens only by maintaining the security of the territory and of the people; the people will begin to expect the state to fulfill its role as a welfare state. The citizens' political awareness generally heightens as their economic level ameliorates, and therefore the economically stable or successful state ought to be disposed to look after the well-being of its people in order to maintain its legitimacy. The state appeals to the nationalistic sentiments of its citizens and exercises its authority, while encouraging its industries and corporations for further achievements. The more competitive and competitive to-be industries the state claims, the more likely it becomes for the state to win the "economic games." This is particularly important, because the victory in economic games would attract the resources to be allocated
for the well-being of the people, whereas the defeat would induce excessive and unwanted dependence on the other states.

The third factor that accentuates the role of the state evolves from technological advancement. Technological innovations can take place overnight, and even revolutionary changes are not so hard to come by. This has opened up the struggle for industrial hegemony to a wider range of states; it can no longer be fought among a handful of industrial nations as in the past, since NICs have now joined the battle. The steel or automobile industries, for example, cannot limit the candidates for hegemony to industrialized nations anymore. Similar drifts are felt in the high technology industries. Some high tech industries are rewarding but costly, and investments from the private sectors cannot afford to cover all the expenses and the risks implicated. It is then essential or even obligatory that the states see to the development of particular industries and intervene when needed. The earlier the commitment, the bigger the lead; in order to give its industries a head-start, the state often opt to provide financial backing and tax reduction, to regulate the importation of foreign goods, or to request free trade abroad. States are especially intent on their commitment to the industries that they consider vital, either in the present or in the future, such as telecommunications.

Industrialized nations and NICs are all tangled up in a battle royal for industrial hegemony. Not only are they interested in attaining a superior position in industries that are likely to become highly profitable; they are also intent on steering the international rules and order to their favor. Thus the power struggle for the industrial hegemony and for advantageous international rules intensifies as the economics becomes more and more globalized.

V. A Typology of Politics versus Economics

So far we have examined the abstract and theoretical aspects of IPE. This chapter will audit some of the possible analytical models of IPE, for a better understanding of the interactions between the economics and the politics.

While the market grows more and more globalized, the state is expected to cast substantial influence on the direction and the process of it. Though the logic of economics can and will, to a certain extent, promote globalization, the present political structure based on sovereign states is not likely to experience fundamental changes at any point soon. Rather, the states are, as major actors in international political economy, likely to continue to seek active participation in domestic and foreign economic activities. It would be fair to predict that the states will partake in the open global economy as they realize the significance of it, and that they will strive to maintain their national autonomy and raise their international standing by their activities. The states will seek equilibrium between the participation in the global economy and the protection of national interests.

Chart 1 serves to explore where this equilibrium may be found, presenting four analytical models. With the horizontal axis showing the politics and the vertical axis the economics, this chart illustrates the different types of relationship between the two domains.

Pattern A, in which the economics and the politics are equally influential, may be named the “competition model.” While the market presses for the complete and speedy globalization of economy, the state refuses to comply with it, seeking benefit and stepping in the market when necessary. Among the four suggestions, this pattern presents the most competitive and
strained relationship between the economics and the politics.

Pattern B, in which the economics is more influential than the politics, may be called the “market-oriented model.” Here the logic of economics dominates that of politics, and, as the economics gains more power than the politics, the globalization of economy progresses. The state, in reaction to the expanding market, retaliates by formulating regulative policies. This battle cannot last, however, because the state will be ultimately defeated by the market and will realize its powerlessness.

Pattern C, in which the politics is more influential than the economics, may be called the “state-oriented model.” The direct opposite of Pattern B, this pattern presents a case in which the logic of politics dominates that of economics. Regardless of the number of states involved, the major concern in this pattern is the superiority or the hegemony over the other states. Limited importance is given to the market mechanism, and the policy makers contemplate the means to raise the maximum profit. Should a compromise with another state appear necessary, the state will focus on what benefits itself most and will pay little attention to the premise that the market serves to efficiently allocate resources. The use of political pressures, including threat, forms the very foundation of the course of actions.

Pattern D, in which neither the economics nor the politics is influential, may be tentatively termed the "non-competition model." It resembles Pattern A in that the economics and the politics exist in balance, but there is little interaction, if at all, between the two forces. Although this pattern seems to pertain little to the central themes of IPE, it can and should be modified as a feasible model which will validate this typological approach here and which will consequently contribute to further development of IPE. How Pattern D can be actually modified will be discussed later.

Patterns A, B and C will possibly offer many intriguing speculations and heated debates when applied to the current issues facing the global economy. The three models will, for instance, help make observations about the future development of international order, an important issue in IPE.

First of all, Pattern A depicts an arduous path that lies ahead. Clashes occur between the force promoting economic expansion and the other demanding protection, and the struggle does not necessarily remain within the national boundaries; each force finds allies overseas,
and the conflict will most certainly intensify. One factor that holds the key to the course of this process is the existence of the hegemon. If one state enjoys hegemony, it becomes singularly responsible in creating the mainstream ideologies concerning the economics and the politics. If multiple states share hegemony, each of those states tries to keep less influential states under its thumb. This may result in conflicts among different factions. And if there is no hegemon, international competition persists and the attainment of harmonious relations becomes not so probable. In any case, there will be no happy medium between the nationalistic approach to the economics and the drive to open up the national market and to construct one global market. Economic protectionism cannot be reconciled with the market; there will be a sense of detente between the two dynamic forces, but the relationship cannot become or remain stable or permanent.

Pattern B portrays a world where, due to economic development and technological advancement, the economy grows globalized and the productivity increases. From time to time economic nationalism may gain its voice, but only temporarily. Rather, the state as well as the citizens will grow keenly aware that the globalization of economy enhances the economic and social well-being and that the subsequent benefits are immense. This realization cannot be easily achieved, but the state shall learn from experience that the globalization of economy brings in far more profit than nationalistic thoughts and actions would. Such understanding will encourage further globalization of economy.

Pattern C, in contrast to Pattern B, argues that the state actively participates and intervenes in the national and global markets. It concentrates on advancing its industries and improving its international status. Support measures are generously provided to corporations so that they can achieve the de facto world standard. In the meantime, the state attempts to form international rules that serve to its favor. In short, mercantilism is the key word; the state is an active shareholder in the economic development, as it engages in the micro-level and macro-level economic transactions.

Nationalistic or ethnocentric ideologies have often caused grave economic wars. Many national leaders do recall the difficulties of the economic wars during the 1930s and draw their lessons from history. They refrain from taking actions that would isolate themselves from the rest of the world, yet they recognize their underlying desire to claim a larger piece of pie. Accordingly, the states do not actively seek association with the others unless their own interests have been met and their benefits are bigger than those of the others. Under such circumstances, the global economy in and of itself becomes an arena of struggle; one free and open market remains but an imagination.

Pattern D, as suggested before, needs adjustment as a model suitable to IPE. The three patterns so far have discussed the relationship between the state and the market, and Pattern D, if modified, can deftly analyze the nature of market economy and, more precisely, the direction which it is heading. Bundled in the broad brackets of capitalism are various types of economies, such as American, German and Japanese. Some argue that there are seven cultures within capitalism (Hampden-Turner and Trompenaars, 1993), and moreover, China might present a new type of capitalism should it move closer toward the market economy. There are indeed various types of capitalism; each market mechanism evolves from its own historical and cultural contexts and operates within a particular social framework, creating a unique understanding of what is recognized as the "appropriate relationship" between the economics and the politics. Moreover, this leads to another consequential question, whether the under-
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standing of this “appropriate relationship” will converge toward one collective notion of capitalism or whether it will continue to depend on national or cultural diversity. If Pattern D can be amended from the “non-competition model” to the “convergence model,” it can successfully tackle the issue of convergence versus diversity. Pattern D makes further inspection operable, to determine whether they are moving toward convergence or diversifying into incongruity, and what this process will entail in terms of issues and actors involved.

The four patterns are all static, in that they attempt to portray the relationship between the economics and the politics at one particular time. It will increase the relevance of this typology to add another factor of “time.” Let us consider one example, using Pattern A. Four alternatives possibly link the conditions at one time, or point “t,” and those at a later point, or point “t+1”: that no change occurred, or that the model shifted to Pattern B, C or D. The crux of the matter here is why and how the shift did or did not take place. Obviously, it is when the shift does happen that intrigues the human mind and that requires careful examination. As closing comments to this chapter, only general and prevalent observations are possible; manifold cases should be investigated before tangible conclusions can be achieved.

First of all, the more drastic the change appears, the fiercer the struggle for hegemony has been. Secondly, the relationship between the economics and the politics following the hegemonic competition is circumscribed by the outcome of it. If one nation assumes hegemony, its political and economic ideologies will indubitably determine international regimes. If no hegemon comes into existence, the struggle between the market and the state will continue and there is little hope for international stability. Thirdly, the conflict between the economics and the politics within the market economy system may well expand further. The struggle for a more stable relationship between the economics and the politics can develop into a more profound question of the political and social legitimacy of the state, and ultimately, it may invite unbidden conflicts between civilizations. The former would be a repetition of the Cold War, and the latter would be a scenario much like Samuel Huntington’s (Huntington, 1996).

Lastly, even if the recurring Cold War or serious confrontations between civilizations would appear far-fetched, the competition among different systems of capitalism can plausibly intensify.

If a simple typology can draw observations and produce arguments, the use of models enables further exploration. Dynamic and sophisticated approaches are much needed and long awaited.

VI. Conclusion

In the final chapter of this paper, it needs to be pointed out that the logic of economics and that of politics that single out the market and the state cannot provide the sole analytical framework. The diversity of issues calls for equally diverse perspectives. To cite an instance, the perspective of the market and that of the state often fail to account for issues concerning ethnic and religious disputes, though at the very bottom of those conflicts lay economic inequalities and political injustices. Such issues illustrate the need for reiterated perspectives that can effectively tackle those problems.

Globalization itself proves to be a complex theme. While this paper has focused on the economic aspect of globalization, the marginalization of economy, which is in progress at the
same time as the globalization, needs to be addressed. Moreover, as sociologists argue, globalization as “time-space compression” is a multi-faceted concept (Harvey, 1989), that embraces numerous aspects and dimensions of culture and civilization, and that canvasses the social changes taking place globally. These observations attest to the urgency of further scholastic and serious attempts. “Global” political economy should not be shuffled as an academic dernier cri, but it ought to be carefully scrutinized and extensively discussed as an important asset to IPE. Too obviously, “global” is not simply a compound of national entities. What is “national” and what is “local” should be placed within the framework of what is global. The ultimate question would be how they will be placed and what kind of relationship can be drawn in between. The examination of the process and the speculation of the outcome from IPE perspectives are critically imperative.

Hitotsubashi University

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