

Global Affairs/Trends

I. Understanding International Relations

I.1 Conceptualizing State, Government, Nation and Nationalism

- **State** is defined as politically organized body of people occupying a definite territory living under one national/central/federal government, which is almost free from any external control (aggression) and competent to secure regular obedience from all people residing on the territory. From this, one can realize that to call state four essential attributes/elements must be fulfilled: namely, **population, territory, government and sovereignty**.
- **Government** is an administrative attribute of state that runs all (internal and external) administrative issues on behalf of state. That is, it is government that exercises the supreme power of the state (called sovereignty) representing state.
- **Nation** is a group of people that have common language, territory, culture, historical experiences and more importantly have common desires and feelings of establishing independent state of their own. Such state is named as a nation-state that has concurrent/common/the same borders of territory and culture. A nation-state is made up of people of the same nation. Whereas, a multi-nation state comprises people of different nations and ethnic groups as well.
- **Nationalism** is a political sentiment or feeling of people of (most of a time) a nation to have independent state & government of their own. Nationalism is a political force that results in formation of a nation-state. Multi-nation state may have different forms of nationalisms, which could be supportive or conflictual of one another.

I.2 Definition, Nature and Historical Survey of International Relations (IR)

- International Relations (IR) is a branch of Political Science that studies about relations or interactions of mainly independent states of two (**bilateral relations**) or more (**multilateral relations**) and other many actors (participants) with respect to many forms (political, economic, social, cultural, technological, militarily, etc).
- IR deals with any trans-boundary relations/interactions of states and non-state actors. In other words, whether it is formal or informal, IR is concerned with any form of relations made by any actor crossing a state's border.
- IR is the one that explains the aspects and consequences of the relations made between and among its actors/participants. If relations between two states are taken for instance, IR studies not only the cooperative aspects but also conflictual aspects of their relations with various aspects. This is to mean that IR deals with the analysis and consequences of **cooperative and conflictual** aspects of relations of the states.

Why IR? To whatever extent states develop with respect to many regards (economic, military, political, social, etc), no state across the world is absolutely self-sufficient with those aspects of its peoples' lives. Because of this fact, it is hard/difficult for a state to stay independently without making relations with relatively other better developed states. Therefore, interdependence (i.e, establishing relations) between states seems to be important so that they could at least minimize the problems revolving around lack of absolute self-sufficiency dominantly existing in the world. Particularly now a days, let alone states, no individual, group of individuals, firms/companies, and any other entity is/are escapable of participating in IR. Specifically in this age of globalization, no way to be out of the influence of international affairs.

To give guarantee for states to take part in IR, their supportive element called recognition has of a paramount importance. And this must be followed by exchange of their ambassadors with each other. Then, designing foreign policies by states takes place. It is after such preconditions that states engage in establishing formal relations with each other.

Brief History of IR

Generally speaking, as an art or a practice, IR is as old as human history. In modern sense, however, the history of IR is so much linked with history of modern states.

Modern states emerged for the first time in history in Europe (its western part) linking with Treaty of Westphalia (followed by the end of thirty years religious war) made by 1648. It was at this time that sovereignty emerged as the fourth element and state became modern consequently. From this time onwards, states in Europe began to interact between and among themselves in formal and modern ways just to get mutual advantages with various regards through diplomatic activities and foreign policies. This is modern form of IR. This shows that initially modern states were limited to Europe and hence IR was Euro-centric.

States in this manner began to gradually expand from Europe to North America to Latin America to Asia to other parts of the world like Africa. Modern international system consisting of modern states expanded accordingly. Likewise, modern IR gradually expanded from Europe to America, Asia and Africa. Today, IR is no longer limited to Europe. In connection with globalization, it has expanded to each and every corner of the world. As a field of study, a subject or an academic discipline IR emerged linking with the end of First World War (WWI) in the early 20th C. In connection with the devastating consequences of the WWI another development made in history of IR was establishment of League of Nations (LN, founded in the 1920s) where states began to engage in multilateral forms of relations at global level. Because this non-state actor (LN) could not live up to its expectations, it was replaced by the United Nations (in 1945) following the end of the Second World War (WWII). Then, a number of non-state actors began to emerge in different parts of this world and took part in IR. After the end of WWII, such international financial institutions as International Monetary Fund (IMF), World Bank (WB), many multinational organizations, International NGOs, etc dominated the world.

The beginning of the Cold War, its processes and ends had huge contributions of alarmingly expansion of scope of IR. For instance a number of independent states came into being during the Cold War and in its aftermath. These states began to participate in international system with many aspects of their peoples lives. The widespread of liberal democracy and increasing economic interdependence as features of globalization have played their own contributions for increasing the scope of IR to its highest stage.

I.3 Actors in International Relations (IR)

Actors of IR are entities that take part or participate in IR crossing boundaries of states. IR deals with the relations of its actors or participants. They are classified into two: state actors and non-state actors. The state actors include states themselves that are the only independent and main/principal/primary actors in history of IR due mainly to their sovereignty. Before 20th C states were the only actors of modern IR and even after they are the only principal actors. Non-state actors include individuals, group of individuals, INGOs, MNCs, Intergovernmental Organizations (IGOs), and any other international entities operating crossing international borders except states. Because they do not have sovereignty non-state actors are not as influential and main role players as states.

I.3 Nature of International System

In general, international system is one that comprises entities as participants of foreign relations. That is, state actors and non-state actors make any form of interactions with any regards crossing international boundaries in international system. However, 'international' is hence structurally differentiated from the 'domestic' in that where the former, according to this 'realist' perspective, is defined as '**anarchical**', the latter is **hierarchical**. This shows that both international and domestic systems have their own structures: structure of international system and structure of domestic/national/municipal system.

What are their core differences?

Power in international system is structured horizontally in the sense that every state is externally and formally sovereign. That is due to sovereignty all states are equally independent. Power distribution in international system is

made in horizontal manner where by no entity or body in this system that has superior or overarching power. This clearly shows that international system is more of anarchic thinking that no one could enforce or impose international law being with coercive/supreme power upon states. That is to say there is no world government. An anarchic system is one that lacks a central government (or international sovereign) that regulates and controls what happens to states in their dealings with each other. International law is weak/ineffective mainly because it is made and enforced only based on consent of sovereign states. However, from practical point of view, depending on its/their levels of particularly military and economic development, a state or group of states may try to dominate international system. If there is one powerful center dominating international system it is named as unipolar system (uni-polarity). However, if two and many powerful centers dominating the world, it is respectively named as bipolar and multi-polar system. On the basis of this distribution of power, therefore, international system is classified into three systems: unipolar system (usually dominated by one state), bipolar system (two states dominate) and multi-polar system (many powerful centers led by many states).

Power distribution at national level or domestic system is structured hierarchically/vertically. Real power or supreme power of state is there at the center of national system exercised by national/central/federal government representing state. Domestic law is made, implemented and interpreted by central government. National law is enforced by national government using this coercive power of state. The law is binding upon citizens. This makes domestic law by far more effective and strong than international law. Therefore, domestic system is not anarchic in the sense that there is the central body (national government) that has legitimate use of monopoly of coercive or overarching power so that national law and order could be maintained to ensure national peace and stability.

II. Theories of International Relations

Epistemologically, theories of IR can be categorized into two: positivist and post-positivist. The former is more of empirical and descriptive approach including classical liberalism/neo-liberalism and realism/neo-realism (structural realism) that attempts to explain IR objectively/scientifically. The latter is normative/prescriptive in its nature that includes Marxism/structuralism theory and makes explanation on IR subjectively.

The two dominant theories of IR are idealism/liberalism (1920s-1930s) and realism (1950s-1960s). They are quite opposite in their perspective on IR. Their central areas of difference include: nature of human being; nature of international system and IR; the net outcomes of international economic/trade relations between states; their core issues in IR; actors in IR they support; their ways of conflict resolution in international system; etc

III. National Interest, Foreign Policy, Diplomacy and International Law

3.1 National Interest - it is originally derived from the French expression “*raison de’tat*” which implies **reason** of state. In this sense, national interest refers to the **goals and ambitions** of a state with respect to economic, military, cultural, etc. issues in its conduct of foreign affairs. The idea of pursuit for national interest is so important in understanding IR for states cannot make any form of relations in a vacuum. IR takes place with the intention of achieving certain goals and objectives constituting national interests of states.

Therefore, national interest is a set/collection of purposes which a given state should seek to realize/achieve in the conduct of its foreign relations. It is the sum total of the goals and objectives of the state’s foreign policy. That is to say the goals and objectives why states participate and behave in international relations are found in their national interest. Shortly, the behaviors (be it cooperative or conflictual) of state IR are fundamentally dictated by this national interest.

National interests may vary in their detail from state to state but the care taken for them is almost the same for all states. Compatibility (minimizing differences) of national interests of states make the states have cooperative interactions. However, whenever states are not in a position to minimize gap of differences of their national interests they could have conflictual/war like nature of relations. That is why the behavior of state in conducting foreign relations is determined by its national interest. Regardless of its variations, there are the minimum essential elements (constitute a state’s objectives of foreign policy) of national interest common to all states in the world. They are categorized into three: security, national development and maintaining world order.

1-Security/primary/short-range objectives - are the core values and interests of state to which its government and people commit their very existence. They must be preserved or extended at all the times. Most people are willing to make ultimate sacrifice for them. Unless these objectives are realized (to assure survival and existence of state) within short period of time other objectives related to domestic development and international issues cannot be pursued. These objectives of national interest include national security, territorial integrity and political independence.

2-National development/secondary/middle-range objectives – are related to socio-economic interests of state realized through (not **self –help** but) making **interdependence** with another states because of limited resources, administrative services and technical skills. These include economic betterment, social welfare and other issues like prestige, self-extension, imperialism etc. of states in international system.

3-Maintaining world order/tertiary/long-range objectives – are those objectives of state with respect to the ultimate political or ideological organization of international system, rules governing its relations and the specific roles it has in international system. And, they comprise promoting international peace and stability, compliance with international law, establishment of global organizations, etc.

3.2 Foreign Policy – is the **general plan of actions** of a state directing its relations in world affairs. It consists of the overall acts and aims of the state governing its relations with other states. In other words, *foreign policy refers to the sets of objectives and instruments that a state adopts to guide its relations with the outside world.* This is say it involves the **general purposes and specific strategies** a state employs to achieve or promote its national interest. The objectives of foreign policy which a state wants to achieve are in one way or another related to national interest. So, national interest is often considered as the objectives of foreign policy of a state. Foreign policy involves the formulation and implementation of a set of principles guiding the actions of the state while negotiating with other states primarily to protect and advance its national interest. *It is a bridge connecting states together, or through which the states are communicating each other.*

Foreign policy of a state is affected by various factors which must be considered while it is made by its makers. These factors include strategic location or geopolitical position of the state; population potential; economic endowment; ideological environment; and military capacity of the state; and its historical background and government structure.

With regard to *the relation it has with national interest*, foreign policy of state is always a reflection of national interest. National interest is the main driving force that determines the contents of foreign policy. The most important reference or the starting point/step for making foreign policy must be the national interest of the state. That is, identifying the key national interest of state is so essential task to begin with foreign policy making. Achieving the purpose of national interest of state in another state is formulated in the form of foreign policy. Foreign policy contains not only the objectives of national interest (short, middle and long-range objectives) but also the ways (or how) to achieve them in another state, and they are called foreign policy strategies.

Therefore, *foreign policy is a systematic arrangement of national interest of state in its relations with other states*. Without national interest and foreign policy it is quite difficult to understand IR. To realize goals and objectives of national interest of a state in international arena formulating them in the form of foreign policy alone is not sufficient. The policy has to be implemented in foreign state, and to do so, they ways/strategies to implement must be part and parcel of foreign policy. For example, diplomacy is one of the instruments through which foreign policy is implemented in a state's conduct of foreign relations.

3.3 Diplomacy – refers to the process of representation and negotiation by which states usually deal with one another in peaceful manner. It is the management of IR by negotiation or the method by which these relations are adjusted and managed. Diplomacy is simply the practice of communication and negotiation between representatives of state. *It is one of the instruments of foreign policy through which states seek to achieve their purpose by agreement rather than by war*. Conflicting interests can be prevented and managed in IR peacefully through diplomatic means so as states could cooperatively interact to advance their national interests. This does not mean diplomacy stops its functioning in time of war. Instead, it means that diplomatic relations may be maintained and efforts to resolve conflicts/wars between states through diplomatic channels may continue even if they are at war. War is in fact the ultimate tool of IR.

Establishment of diplomatic relations is the most essential step in creating a basis for normal relations between states, which is done through their mutual consent. This establishment of diplomatic relationship requires the exchange of diplomatic missions constituting a group of government officials sent by one state to reside and fulfill certain duties in another state. Some of their duties are representing and negotiating on behalf of their state; protecting national interest and citizens of their state in foreign land.

The diplomatic methods used in relations between states are persuasion, compromise, and threat of use of force. Persuasion attempts to achieve the purposes of two states by advancing their arguments and then offering to do something in return. Compromise is the technique enabling two states to modify their positions on an issue so as to reach on a stable relationship. Threat of force is a method through which a state forces another state to accept certain terms of agreement by force. The coercion may be in the form of threatening to go to war unless an agreement is reached within specified period of time

3.4 International Law – To have sustainable environment in international system consisting of peace and stability and, hence, states could advance their national interests, there should be rules and norms that should govern their relations. In international systems where states interact, there must be legal rules that determine mutual rights and duties of states. States should conduct their relations on the basis of certain norms, treaties and other standards of conduct that constitute international law. International law is expected to control and regulate relations between states in international system.

When relatively seen with domestic/national law, international law is by far weak and ineffective. This is due mainly to the nature of international system where is no entity with centralized authority (i.e, no world government) that could enforce the law upon sovereign states. There are no international institutions that are with coercive power to apply international law against wills of independent states. Notice that an entity with coercive/supreme power is always there at the national level. Making and enforcing international law significantly depends up on the consents of sovereign states.

IV. Understanding International Political Economy (IPE)

4.I Meaning and Nature of IPE

International Political Economy (IPE) may be understood as follows:

- ☞ It is one of the branches of Political Economy that deals with the study of the relations (mostly *tension*) between **the market** (where individuals engage in self-interested activities) and **the state** (where those same individuals undertake collective action) in global affairs. It underlines the nature of relations prevailing between economic or market-based activities and political or state-centered ones. And, the relationship between markets and states is based on tension, which assumes that states and markets relate to one another in fundamentally adversarial or antagonistic ways.
- ☞ It is concerned with the way in which **political** and **economic factors interact** at the **global** level. IPE is about the enter play of **economics** and **politics** in world affairs. IPE is the study of how politics influences economic relations within states and between states. This is to mean the buying and selling of goods and services across borders, the flow of investment around the world, the wealth or poverty of regions and nations, and the ways in which economic power influences the political relationships among states (everything from alliances to war)
- ☞ It is a social science that attempts to understand international and global problems using interdisciplinary tools and theoretical perspectives. Although it originally developed as a sub-field of International Relations, it has in recent years taken on a life of its own. IPE is aimed at providing conceptual framework in order to understand world political economy in general along with conducting a comparative analysis focused on fundamental value, substantial and desirable **relation between politics (state) and economy (market) in the two paradigms**.

4.2. Theoretical perspectives of International Political Economy

Generally speaking, theories are models of how the world works. They are tools for analysis. Theories of IPE provide different ways of answering questions related to the influence of politics on economics and vice versa. Theories show the different ways these questions have been answered by scholars and policy makers and also allow for an assessment of how well these theories work. Theories of IPE are categorized broadly into three: *economic nationalism, economic liberalism, and economic structuralism*.

Economic nationalism/mercantilism is the oldest of the three, dating back as early as the 16th century (perhaps even earlier). Many scholars point to Friedrich List (1789–1846) as the intellectual father of the mercantilist thought and it is a thought in response to classical economics and, more specifically, to Adam Smith's (1723–1790) liberal perspective. Economic structuralism/Marxism, by contrast, is the youngest of the three and is advanced by Karl Marx who also emerged as a critique of classical economics.

Since the mid-1980s, the relevance of the three perspectives has changed dramatically. With the end of both communism and the “import-substitution” strategies of many less developed countries (LDCs), the relevance of Marxism greatly declined, and liberalism has experienced a relatively considerable growth in influence. Around the world, more and more countries are accepting liberal principles as they open their economies to imports and foreign investment, scale down the role of the state in the economy, and shift to export-led growth strategies. Marxism as a doctrine of how to manage an economy has been discredited but as an analytic tool and ideological critique of capitalism it survives and will continue to survive as long as those flaws of the capitalist system remain—e.g. widespread poverty side by side with great wealth, and the intense rivalries of capitalist economies over market share.

I-Economic nationalism/mercantilism - is a theoretical and ideological perspective which defends a strong and pervasive role of the state in the economy – both in domestic and international trade, investment and finance. In arena of international trade, for instance, mercantilism emphasizes the importance of balance-of-payment surpluses in trade with other countries and to this end it often promotes an extreme policy of autarky to promote national economic self-sufficiency. As it developed in the 21st century, mercantilism (or neo-mercantilism) defended even a much more sophisticated and interventionist role of the state in the economy-for example, the role of identifying and developing strategic and targeted industries (i.e. industries considered vital to long-term economic growth) through a variety of means, including tax policy, subsidization, banking regulation, labor control, and interest-rate management.

According to mercantilists, states should also play a disciplinary role in the economy to ensure adequate levels of competition. The proof of the relevance of mercantilist thought in the contemporary international political economy is found in the recent experience of the Japanese, South Korean, Taiwanese and Chinese national political economies whose states fulfilled the above stated roles almost perfectly. Instead of the term mercantilism, however, these states the East Asian economies (especially Japan, South Korea, and Taiwan) used the term 'developmental state approach' (a less politically laden term) to describe the nature of their national political economy system.

2- Economic Liberalism (*Laissez-faire liberalism, or internationalism, or globalism*) - is a mainstream perspective in IPE and it defends the idea of free market system (i.e free trade/trade liberalization and free financial and Foreign Direct Investment (FDI) flows). Accordingly, removing impediments (barriers) to the free flow of goods and services among countries is the foundational value and principle of liberalism. The consensus among advocates of free trade is that it reduces prices, raises the standard of living for more people, makes a wider variety of products available, and contributes to improvements in the quality of goods and services. In other words, liberal political economists believe that by removing barriers to the free movement of goods and services among countries, as well as within them, countries would be encouraged to specialize in producing certain goods, thereby contributing to the optimum utilization of resources such as land, labor, capital, and entrepreneurial ability worldwide. If countries focused on what they do best and freely trade their goods with each other, all of them would benefit. The concept that captures this idea is also known as **comparative advantage**.

However, the theory of comparative advantage has been undermined by the current wave of economic globalization. The growth of transnational or multinational corporations (MNCs) complicates global trading. The production of goods and services is strongly influenced by costs, arbitrary specialization, and government and corporate policies. These developments thus mark a shift from the conventional theory of comparative advantage to what is known as **competitive advantage**. As a result, despite global acceptance of the concept of free trade, governments continue to engage in protectionism. For example, the European Union (EU) and the United States each support their own commercial aircraft industries so that those industries can compete more effectively in a market dominated by a few companies.

3- Economic structuralism/Marxism - Following the collapse of the Soviet Union in the 1990's and the apparent embrace of the free market economy by a significant number of developing countries, there was a widely held belief that such phenomenon marks a clear failure and hence death of Marxism. However, while it is certainly true that central planning in command economies (which was what existed in Soviet Union and other so called socialist/communist states- they were not true communists though!) has proven to be a failure, it is not necessarily true that all or even most of the Marxist critique of capitalism has been negated by any historical and contemporary realities. In fact, according to advocates of Marxism just the opposite is the case. Global and national income inequality, for example, remains extreme: the richest 20 percent of the world's population controlled 83 percent of the world's income, while the poorest 20 percent controlled just 1.0 percent; Exploitation of labor shows no sign of lessening; the problem of child labor and even child slave labor has become endemic and so on and so forth.

Marxists then tell us that all of these crises are cut from the same cloth. In particular, they all reflect the inherent instability and volatility of a global capitalist system that has become increasingly reliant on financial speculation for profit making. Some actors are always making huge sums of money from the speculative bubbles that finance capitalism produces, and this is creating the illusion that everything is working well. Give all the above realities about contemporary International political economy, therefore, the report of Marxism's death is greatly exaggerated.

In addition to the above mentioned foundational theories of International Political economy, the following three contemporary theories of International political economy are also worth considering.

Hegemonic Stability Theory (HST) is a hybrid theory containing elements of mercantilism, liberalism, and even Marxism. Its closest association, however, is with mercantilism. The connection with mercantilism may not be immediately apparent, but it is not difficult to discern. The basic argument of HST is simple: the root cause of the economic troubles that bedeviled Europe and much of the world in the Great Depression of the 1920s and 1930s was the absence of a benevolent hegemon—that is, a dominant state willing and able to take responsibility (in the sense of acting as an international lender of last resort as well as a consumer of last resort) for the smooth operation of the International (economic) system as a whole. In this regard, what then happened during the Great depression period was the old hegemon, Great Britain, had lost the capacity to stabilize the international system, while the new (latent) hegemon, the United States, did not yet understand the need to take on that role—or the benefits of doing so—hence global economic instability.

During its explanatory power to the Great Depression, HST has thus influenced the establishment of the Bretton Woods institutions (IMF and WB)- both being the products of American power and influence. On this point, it is specifically worth noting that Great Britain was given an important role to play but British interests and desires were clearly secondary. U.S. dominance was manifested, in particular, by the adoption of the U.S. blueprint for the IMF.

Structuralism: is a variant of the Marxist perspective and starts analysis from a practical diagnosis of the specific structural problems of the international liberal capitalist economic system whose main feature is centre-periphery (dependency) relationship between the Global North and the Global South which permanently resulted in an

“unequal (trade and investment) exchange.” The perspective is also known as the ‘Prebisch-Singer thesis’ (named after its Latin American proponents Presbish and Singer) and it advocates for a new pattern of development based on industrialization via import substitution based on protectionist policies. During the 1950s, this Latin American model spread to other countries in Asia and Africa and then the domestic promotion of manufacturing over agricultural and other types of primary production became a central objective in many development plans.

Developmental State Approach: Realizing the failure of neo-liberal development paradigm (in the 1980's) in solving economic problems in developing countries, various writers suggested the developmental state development paradigm as an alternative development paradigm. The concept of the developmental state is a variant of mercantilism and it advocates for the robust role of the state in the process of structural transformation. The term developmental state thus refers to a state that intervenes and guides the direction and pace of economic development. Some of the core features of developmental state include;

- ☞ Strong interventionism: Intervention here does not imply heavy use of public ownership enterprise or resources but state's willingness and ability to use a set of instruments such as tax credits, subsidies, import controls, export promotion, and targeted and direct financial and credit policies instruments that belong to the realm of industrial, trade, and financial policy.
- ☞ Existence of bureaucratic apparatus to efficiently and effectively implement the planned process of development.
- ☞ Existence of active participation and response of the private sector to state intervention
- ☞ Regime legitimacy built on development results that ensured the benefits of development are equitably shared and consequently the population is actively engaged in the process of formulating and executing common national project of development....etc.