

What is International Political Economy?

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POLS155, Lecture 1

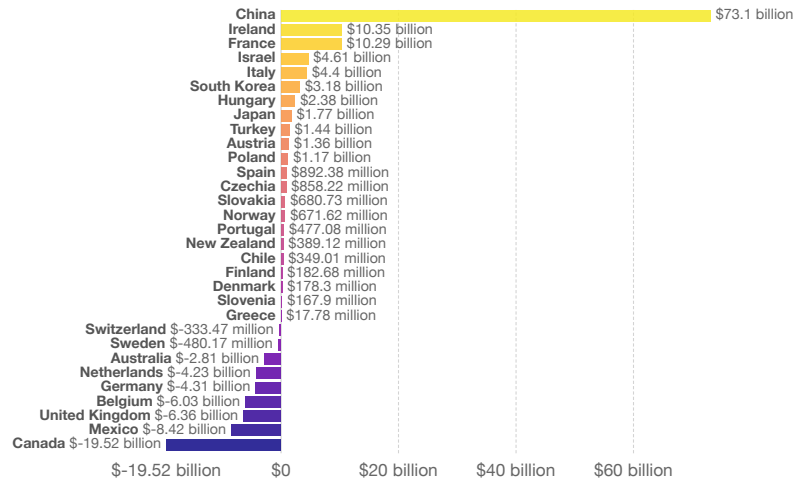
2021/01/27



We live in a globalized world!

Difference in the value of goods exported to and imported by the US, 2016

Shown are differences between the value of goods that the US reports importing from partner countries, and the value of goods that each partner country reports exporting to the US. For example, for China, the figure in the chart corresponds to "Value of merchandise imports in US from China" minus "Value of merchandise exports from China to the US".



Source: IMF DOTS (2017)

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The U.S. exports and imports products from a lot of different countries.

But globalization creates winners and losers.

This raises two key questions addressed by IPE scholars:

1. What makes a nation wealthy?
2. What is the proper role of governments in economic activity?

The Paradigms in Political Economy

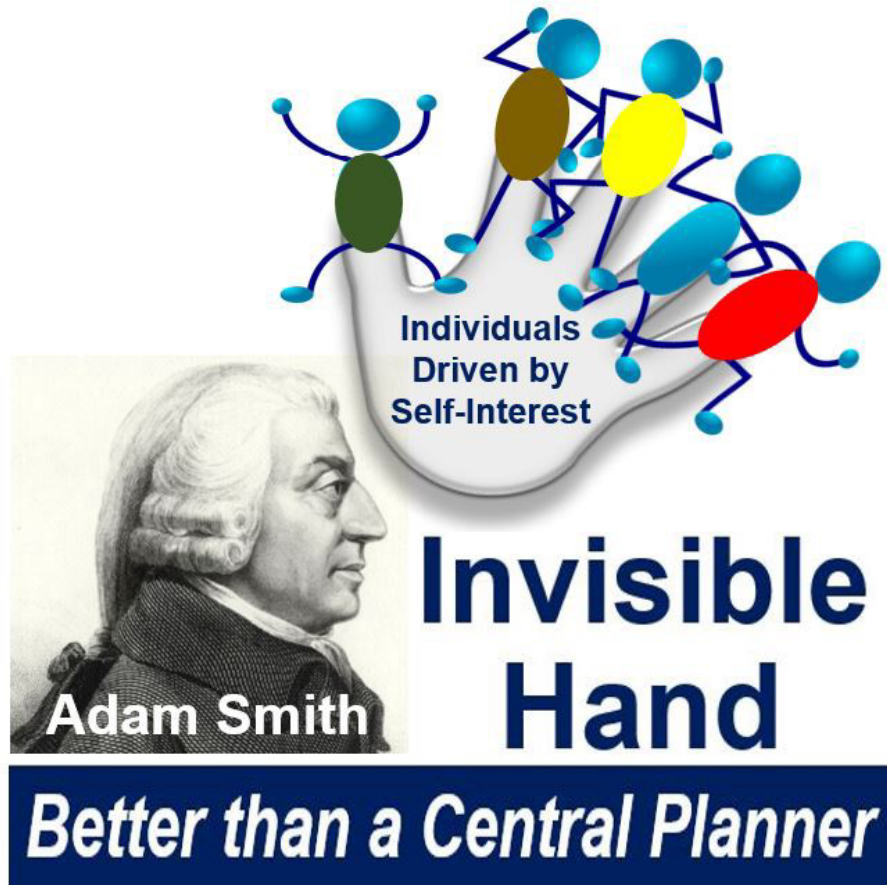
Think of a uni-dimensional ideological space right-left.

1. Liberalism (To the Right)
2. Nationalism (To the left but not extreme)
3. Structuralism (To the Left)

Right vs. Left: Amount of government intervention

Liberalism

Adam Smith & the Invisible Hand



1. Self Interest: The Economic Catalyst
2. Competition: The Market Regulator

CHARACTERISTICS OF FREE MARKET ECONOMY



THE PROFIT
MOTIVE



MINIMAL
GOVERNMENT
INTERVENTION



COMPETITION



ADAPTABILITY

Markets find equilibrium without government intervention. Low Taxes on exports and imports!

The End

We will discuss nationalism and structuralism in Lecture #2