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International political economy and its implications

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ABSTRACT

International political economy as a science that connected economics and politics and state a different perspective about the classical conception in economic matters, in the sense that, with a lack of belief in the invisible hand of Adam Smith in the regulation of markets and prices, believe that government should intervene in economic and trade activity to cause and prosperity of the economy and international trade. In this context, because of the economic activities more organized and orderly avoid the chaos, should there be a hegemonic power to maintain order and to confront and deal with possible abuse by governments that are trying to take advantage of the benefits and opportunities and hitherto beneficial while close their markets to others. This paper is to study the difference and commonalities between neoclassical economics and international political economy and government interference in the economy, regime theory, and also the theory of hegemonic stability, and hegemonic actions in its global roles stabilizing factor in international markets and economies, also to answer to the questions that whether all government expansion benefit the free market, or not and whether Iran as a developing country how can benefit from opportunity obtained in this direction, and to be consistent with integration of the global economy.

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INTRODUCTION

The term political economy first was used in 1615 by Antoine Domoncrishten that is the name of traditional economics. Later the term was used by classical economists. This shows an attempt to vest the relations and interactions of economics and politics on each other, and in fact states that the study of politics and economics, provide better understanding of national and international developments. With the Russian Revolution, and deep Marxist interesting economics, the economics was considered as the infrastructure and politics as the superstructure in an allysis of this group; however, in the West Bank, which was created after the Second World War and the political military and ideological competing with East bloc, these two spheres were considered desperate. During the wake of the developments that occurred during 1970, including the collapse of the Bretton Woods system which can be partly considered as a result of the Vietnam War, also the oil crisis that occurred in the decade followed the Arab oil embargo and other events, such as the anti-colonial movement and independence of colonial countries made the questionable view towards parition of economics and politics in the West and thus political economy was considered once again, this time emerged in the form of seriously.

In the years before 1870, the political economy is used to describe the economic theory. With the advent of the neoclassical school, the term of economics or principles of economic laws increasingly replaced with political economy. One reason of economic developing was belief that the economics would be as a science in dealing within partial local problems and unprejudiced. But in the next three decades the term political economy came in common, and its overall character in this period is the informed opposition with the school of neoclassical economics that became the dominant school of economic. In the years after World Warier and particularly the pervasiveness of Keynesian economics, examining the role and importance of the state's economy has become increasingly important. Furthermore, a change in human knowledge has led to better understanding of inter-related economic, social phenomenon, and political processes that eventually achieved the increasing use of political economy.

International political economy and neoclassical economics relations:

Reviewing the dynamic nature of the capitalist economy, the main characteristic of political economy is examining the accumulation of capital, and the production and use of economic surplus. Furthermore, political

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economy, unlike the neoclassical approach, starts from the belief that the interests of social groups and classes, conflict, and confrontation, and groups and the dominant classes, not just the economic ideas of influence, and it is formulated to protect its own interests, but also of economic activity, the influence of the dominant groups, not outside.

The dynamic nature of the capitalist economy, the main characteristic of political economy, examining the accumulation of capital, and the production and using of economic surplus. Furthermore, political economy, unlike the neoclassical approach, starts from the belief that there is conflict and confrontation between the interests of social groups and classes, and groups and the dominant classes, not just influence on the economic ideas and formulate it to protect its own interests, but also the economic activities are not outside from the influence of the dominant groups.

International Political Economy, most relies on the theories and approaches of neoclassical economic show ever there is difference between these two areas, for example, the economy rule efficiency and mutual benefit of an economic transaction, while the international political economy, in addition to this, consider the wide range of things and contrary to neoclassical economics, particularly is interested to the distribution of gain from market activity.

Although the economic consider the market as a self-regulatory mechanisms and separate from political issues, but the international political economic experts state the reality that the global economy has a dramatic impact on power, values, and the political autonomy of national societies. In this regard, one of the government's desire is to preserve the values, interests, power and freedom of action to reach these goals, try to influence market forces, increase their power and influence over the rival states or in benefit of friend governments.

Another respect of the difference between economic stand economic analysts with international political economy is that the second group, unlike the first group shows great interest to the nature of international situation and international regimes governing global markets and economic activity. Accordingly, it can be the default for international political economy that governments, multinational corporations, another power flatcars seek to influence the nature of international regimes and through it, to forward their political and economic interests...

Hegemonic stability theory:

Hegemonic stability theory is branch of the school of realism that in accordance with it, regular flow and a liberal international economic stability requires the administration of higher power. Dominant power or hegemonic the one hand has the largest and most power full economic capabilities (comes with a high level of military power and ideological influence) and on the other hand, is active Ely promotion of the liberal economic in the international arena. According to the theory of hegemonic stability, since the field of international relations, conflict a reasoned compete of states for power, as well as "strengths relative phenomena, free flow of international economics follow power equation a dies not true with the invisible hand. In this context, the most a proper a redistribute on of power, is its distribute hegemony in such a way that the hegemonic power while satisfying weak restates especially in the second degree, apply liberal economic regulation.

Down and Rock nevertheless not depth a adherence to the regimen addition to the presence of a hegemonic power also depends on domestic support. The conviction of John Rangan, liberalism compromise, which was the base of the regime after World Warier, the government laws allowed to deal completing the job in their own country, in their domestic economies, but in terms of International rules. The first time Kindle Charles Berger, in book of *The World in Depression, 1929-1969*, wrote in 1973, emphasize on need for a strong political leadership from the dominant economic power for international economic management. He knew downturn deep and continued due to lack leadership for guidance and problem solving.

Criticism of the theory of hegemonic stability:

Criticism of or of hegemonic stability are from different theoretical, political and historical perspectives. In relation to the theoretical criticisms, the main problems that we cannot be sure that non-hegemonic nations want to cooperate in the issues related to creating and maintaining caliber international economic and assistance, although we can establish national liberal order with cooperation, but hegemony is a necessary condition. But for this ideal so far has a opened nothing where without interference of hegemonic, a stable liberal order is formed.

In relation to political criticism, some argue that the theory defense of the logic of America's policy and the others know it as prediction of the complete demise of the United States of America. In opposition to hegemonic stability theory, it can be said that this theory is completely unprocessed and more like an esoteric idea based on the study of history instead of scientific theory. One of the criticisms of this theory is that since the existence of higher power for the formation of liberal international economy according to this theory is important, but we see

that the hegemony of the Soviet Union did not the form liberal International Economics by the Soviet leadership.

Robert Gilpin to disprove this or argues that liberal international economy can be achieved only if the hegemony is committed to liberal economic principles. He example Great Britain in the 19th century and America in the 20th century and the continues did expect that the power slice the Soviet Union, Nazi Germany and the military-oriented Japanese as opposed to liberalism principles who are trying to promote the principles of system. In relation to the obligation of the hegemony, earlier economists had believed in it. However, they also believed that markets could manage the global economy.

Green Lichen and theory of hegemonic stability:

Barry Lichen Greene, historian, economist, is one of the critics of this theory. His aim was to study the issue that whether hegemony had a decisive role in the emergence an survival in a global economy or not. In this context, he examines the role of Great Britain in the 19th century, and America after World War II, and has also n investigated the impact of these two countries in the emergence and persistence of international monetary system, but finally based on the research results, it was fixed to a small extent (hegemonic influence in the emergence and persistence of the global economy) But research of Lichen Greene in act ion led to more credibility to the theory of hegemonic. The important thing can be pointed out is that Eichen Greene know she gem nays an imperial power, and imposing his will another nations.

Dimensional analysis, that Lichen Greene had of the hegemonic stability theory were the historical dimension, and focused on internet on a trading system, (unlike the previous analysis focused on the global monetary system) he had positive relationship between hegemony and trade liberalization, claiming that the only examples of provisional multilateralism, where there was also economic domination by the major powers (Britain, America). He knew growing problems of Agreement on Tariffs and Trade the result of a relative decline in America's economic strength. He believed that international cooperation is facilitated when a hegemon exists, and in this regard inspired by the cartel theory, which holds that a cartel composes of several members, only when would be faced with a few problems that has effective arrangements, to explain his idea. Greene knows bilateral oriented common as agent controlling true of multilateralism and believes by the decline of America, the importance of bilateral negotiations and regional arrange emending the global economy, is more specific.

Man cur Olson's view on hegemonic stability:

Other advocates of this theory are Robert Mandel (stable international monetary system depends on the presence of a dominant power), Robert Baldwin, (hegemonic role of America caused increasing economic prosperity of many non-Communist countries), and Bruno Frey (with reference to public choice theory, is impossible to provide public goods without hegemony). One of the main proponents of this theory is Man cur Olson, whose opinions on the regulation of collective goods is unique in that even many critics of the theory of hegemonic stability, have used his opinion, to support their criticisms. His innovative ideas on domestic policy, which seeks to answer the question that why the reduction of trade barriers without external pressure, a strong government is very difficult. He knows hegemonic power to produce collective goods that benefit their personal interests, makes the world better. Olsen believes that whenever the importance of hegemonic power in the world economy became less it causes that its motivation also is reduced to produce international public goods. In this respect, he example America's hegemony and claims that, because of the relative decline of America's economic power than in the past, protection is sentiment in the country increased and in turn the desire to secure foreign aides reduced and what strengthens this approach, is the emergence of new industrial powers, and new exporters of manufactured goods.

This approach was initiated in the mid-70s, with an emphasis on economic regionalism in the North American Free Trade Agreement (NAFTA) in 1994. In relation to the theory of hegemonic stability theory, the lack of organized opposite ideas at this case, we cannot comment on the rightness or wrongness of it. However, the theories, proponents of this theory, have caused its credibility, although the theory of hegemonic stability has not provided strong reason for leadership in England and America in the global economy, but correspond to the social sciences the criteria, including economics.

Hegemony task sin the critical and ordinary course:

Global economic leadership prolusion or mal circumstances, maintaining continuity of capital flows to poor countries, settling foreign exchange rate at least among the major currencies, providing a platform for cooperation between the leading economies in the context of macroeconomic policies.

The global economy Leadership roles in crisis, providing free market for goods faced with the crisis, providing a source of scarce goods, providing the ultimate solution in case of a serious international financial crisis.

In short, a bus in escalader must be able to afford to lend money, establish regime of foreign exchange, macroeconomic policies, maintain in open markets and offering the latest solution. Gilpen using the word hegemony, rather than the leader believes that the leader of creation and management of a liberal global economy occasionally forced to apply power and believes that a leader, create liberal international economy both for their own in tersest and the interests of others, He believes that the main objective of the hegemony is ensuring interests and especially its political and security interests, (which can also in valve economic and political in tersest of the hegemonic United States.)

America and its ally's coalition against the Soviet and leading international economy, open and independent, had rarely humanitarian and altruistic motives. However, the two perspective sari convinced that monitoring of international public goods such a free trade and monetary stability, requires the existence of a dominant power and believe in the Global liberal Economy. According to hegemonic stability theory, the liberal international economy is meaningless without leader ship who benefits from resources and his power to establish and maintain an international economy based on free trade, monetary stability, and free dominator answering of capital interest.

Iran and entry in to the global trade institute:

General survey of industrial economies suggests that one of the reasons for their success in international marketing is that producers in these countries according to the needs of global markets, have been produced the goods. In Iran, the ignorance of this profitable method emphasis on import substitution, namely the production of goods that Iran required of them, and must import from other countries. In addition to these problems, barriers, and other problems, help the closed economy of Iran including lack of technology, and lack of skill adman power in various sectors of the economy, where they had not successful discussion.

Iran to succeed in global business, and to speak at the International market masterly on its comparative advantage gain some of their products, to enter the field, something which at present it can be seen that we have a comparative advantage in some of the good stat now go away, such as car pets and crafts and some food it elms such as saffron, pistachio and so on. In general, the comparative advantage effort export development and export strategy equilibrium in the balance of payment scan be effectives a strategy for exporters of industrial, agriculture and services goods. A review of the data published by the WTO, on condition of export and relative position in the current international arena, yet the country's export power is in a limited level, and trends during the last three decades, has been growing. The figures show that the share of Iran (both oil and non-oil) from global exports is not beyond the 8/0 percent. In fact, we can take advantage of the relative can expand the country in international trade that in the current situate on the prportion of Iranian the world trade shows that still unidentified advantage of products on the one hand, and the challenges of exporting and presence in international markets on the other hand, has not given proper scale to position, and economic capacities and resources and facilities, and it seems the exploitation of the possibilities and potentials is not done in economic level.

Therefore, in the current situation, we need to recognize the global markets, using the theory of comparative advantage and export promotion policy, to improve our poor role in the global economy, and expand the country's economic potential and capacity to level of productivity and efficiency until economic of the country exists in the course of global economic development and be reduced. Export of raw materials (oil, gas, mining, etc.), without creating added value required, will be greatly reduce the comparative advantage of national products, and the economy in the long run could not coverage increasing cost, and the opportunity is not available to invest and the current production. Therefore, you should make maximum use of global conditions, so in the future, Iran's role in the economy of the region, primarily in the global economy, to be in the dignity of this country.

Iran for having a position in global trade and international economic should revise and reconstruct the country's economic sectors. Planning oil revenues, in the development of economic sectors. In fact, the involvement of the country's economy with the world economy depends on the factors that one of the most important is capabilities of the domestic economy, and identifies and defines the relative merits of the mechanism of the WTO.

In the current situation rush to attend in competition in global markets is like participate in a wrestling match, with hands tied. Accession to the WTO cannot be objective, but rather, will be a means for the present and the yield of strength of the domestic economy. Discussion on the choice between comparative advantage and economies are not inefficient. The question is, where are our comparative advantages in economy?

In general equation, to obtain comparative advantages, including the function off ouster in gnu man capital, adorned the economic struck true of global technology, construction with the local context, the application of national policies towards the Turkish economy dealers; understand productive economy and dynamic seek in holes to pierce in the structure of world trade. According to it can in the chess mosaic of the domestic economy, measure and recognize the relative advantages of to participate in world markets.

Conclusion:

Political economy is an attempt to achieve a holistic understanding of social processes by examining the economic and political interactions. The political economy is the relationship between state and market, and in fact it can be argued that the nature of political economy depicts interaction between government and market. On one hand, the government is trying to, in accordance with the principles of territorial and sovereignty integrity, brought tender complete control all the active forces in the field exclusive territories, including the economy, and thus maintain political in dependence and unity increase its national power, on the other hand, the market based price mechanism, is competition and comparative advantage, is trying to lower the barriers and restrictions on labor market performance, and trade, swap. The core of the political economy approach is to examine the interaction of state and market with characteristics outlined earlier.

The emergence of political economy in the eighteenth century helped people to understand dramatic changes in supply system, the change in the nature of the needs, the data, and grapple with them. Replacing the old term of economy with the new term of political economy reflect the change. The emergence of political economy debate about the responsibilities of government in the economy. The debate continues, and has occupied an important place in political economy. Economy alone is not detailed enough to analyze critical issues, such as global division of wealth and economic activity, the impact of the global economy on national interests, and effective international regime.

Despite the growing trend of economic globalization and international economic integration, still to distinct between the national and international economy. Political boundaries, resulting in separation of the economy and economic policy of nations; political considerations influence economic activity of a country, and distinct them from the economic activity in other countries. Governments and other powerful actors use their power to influence economic activity, to increase their political and economic interests.

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