UNIVERSITY OF HELSINKI

https://helda.helsinki.fi

Towards a Helsinki Approach to Global Political Economy : Integrating Pluralist Economic Theorisation and Critical IPE

Kotilainen, Konsta; Patomäki, Heikki

2020-09-23

http://hdl.handle.net/10138/320193

Kotilainen, K & Patomäki, H 2020 'Towards a Helsinki Approach to Global Political Economy : Integrating Pluralist Economic Theorisation and Critical IPE' Helsinki Global Political Economy Working Papers, no. 1, vol. 1, University of Helsinki, Helsinki.

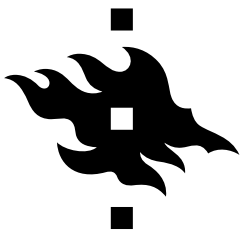
Downloaded from Helda, University of Helsinki institutional repository. https://helda.helsinki.fi
This is an electronic reprint of the original article.
This reprint may differ from the original in pagination and typographic detail.
Please cite the original version.

HELSINKI GLOBAL
POLITICAL ECONOMY
WORKING PAPERS
1/2020

TOWARDS A HELSINKI APPROACH TO GLOBAL POLITICAL ECONOMY:

INTEGRATING PLURALIST ECONOMIC THEORISATION AND CRITICAL IPE

KONSTA KOTILAINEN, HEIKKI PATOMÄKI



UNIVERSITY OF HELSINKI

How to cite the paper: Kotilainen, K. and Patomäki, H. (2020). Towards a Helsinki Approach to Global Political Economy. Integrating Pluralist Economic Theorisation and Critical IPE. Helsinki Centre for Global Political Economy Working Paper, 01/2020. Helsinki: University of Helsinki, available at https://www.helsinki.fi/en/networks/global-political-economy/working-paper-12020

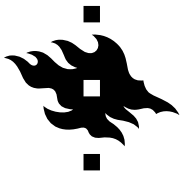
Helsinki global political economy working papers
ISSN 2670-3300 (print)

Helsinki global political economy working papers
ISSN 2670-3319 (online)

Helsinki Centre for Global Political Economy "Working Paper"
aims to present new ideas and preliminary research results on the Global Political Economy. Many papers are in the process of becoming peer-reviewed publications. All comments and feedback are welcome and should be directed to the authors. We encourage scholars working on global political economy to offer their papers for publication as well as to inform us about potential papers on the field. All published papers are advertised on Helsinki-GPE social media accounts.

Submission guidelines
Papers should be submitted to a Steering Group member; the Group reviews their eligibility for the series. The copyright remains with the author(s). It is up to the author to ensure that pre-publishing their research as a working paper will not jeopardize their chances of publishing in peer-reviewed journals. For more details, see https://www.helsinki.fi/en/networks/global-political-economy/working-papers.

HELSINKI CENTRE FOR GLOBAL POLITICAL ECONOMY
University of Helsinki
Helsinki, Finland
Telephone: +358-(0)40-5184854
Email: gpe@helsinki.fi
helsinki.fi/gpe



UNIVERSITY OF HELSINKI

KONSTA KOTILAINEN
University of Helsinki, Helsinki, Finland
ORCiD: 0000-0003-4945-2668
Email: konsta.kotilainen@helsinki.fi
Phone: +358-(0)40-5599441

HEIKKI PATOMÄKI (corresponding author)
University of Helsinki, Helsinki, Finland
ORCiD: 0000-0001-9255-6783
Email: heikki.patomaki@helsinki.fi
Phone: +358-(0)40-5184854

BIOGRAPHICAL NOTE

Heikki Patomäki is Professor of World Politics at University of Helsinki. His most recent books are Disintegrative Tendencies in Global Political Economy: Exits and Conflicts (Routledge 2018) and Brexit and the Political Economy of Fragmentation: Things Fall Apart, ed. with J.Morgan (Routledge 2018).

Konsta Kotilainen is a Doctoral Candidate in World Politics at the University of Helsinki. His PhD research explores the promises and limitations of the current state-centric macroeconomic governance architecture.

This research was fully funded by the University of Helsinki.

TOWARDS A HELSINKI APPROACH TO GLOBAL POLITICAL ECONOMY: INTEGRATING PLURALIST ECONOMIC THEORISATION AND CRITICAL IPE

IPE is in need of critical self-reflection. Many or most scholars fail to be persuaded by the Open Economy Politics framework, which has informed the bulk of IPE research especially in the US since the late 1990s. A key reason for the apparent lack of an effective alternative to the positivist approaches is that critical IPE has thus far failed to address satisfactorily two key deficiencies from which it has arguably suffered from its very beginning. These two deficiencies are the paucity of economic theorisation and lack of philosophical depth. We make four claims: (1) there is a limit to how far IPE can go without addressing explicitly the problems of economic theory; (2) the mainstream of economics has insulated itself from the concerns of social scientific IPE, but there are several economic theoretical traditions from which IPE can draw insights and explanatory hypotheses; (3) systematic engagement with different traditions requires an explicit metatheoretical framework such as critical scientific realism or pragmatism; and (4) IPE should illuminate structures, mechanisms and processes that are not confined by state borders or limited to interactions of national states. It follows from (4) that the field should be called World or Global PE rather than IPE.

Keywords: causation; economic theory; epistemological pluralism; explanation; metatheory; methodological globalism; social scientific realism

INTRODUCTION

Claims about trends in a field such as International Political Economy (IPE) are always selective and therefore inextricably tied to conflicting normative views about the desirable future of the field. Such claims may concern for instance the popularity of the Open Economy Politics (OEP) approach.[1] For someone coming from the background of

1 As the OEP approach is not particularly well known in Europe (Global Political Economy students in Helsinki may not even have heard about it), a few words to describe it may be needed. The general contours of this approach were summarized relatively recently by one its key developers David Lake (2009). According to him, 'OEP adopts the assumptions of neoclassical economics and international trade theory' (pp. 224-5). Free trade and market globalisation are assumed to benefit all countries on balance, but still

economic liberalism and content to see IPE as a narrow strand complementing mainstream economics, the OEP framework may also seem to provide a long-needed unifying paradigm that can make cumulative growth of genuine scientific knowledge possible (Lake, 2009). In contrast, if one shares the original purposes of the founding fathers and mothers of IPE, the OEP is bound to appear as a source of major disappointment, even if in some ways representative of the 'American' approach (Cohen, 2008; Keohane 2009; Cohen, 2009a, stresses the existence of multiple American approaches). From this perspective, the problem is that OEP has drawn attention away from the world politico-economic system as a whole. Instead of illuminating real political possibilities and alternative opportunities for various actors, it tries to reduce national and international politics to apparently pre-existing and often deductively inferred domestic interests, whether sectoral, functional or purely individual. As a result, 'research has become increasingly insular and introspective, largely detached from what goes on in the real world' (Cohen, 2017, p. 661).

A critical scholar may concur with Cohen on OEP's insularity, but perceives also deep-seated fragmentation within the field as a whole. Instead of moving towards a consensus on any major topic, the opinions of the IPE scholars appear rather to diverge further. Often this divergence seems connected to geo-economic positioning. For example, what many but not all American scholars celebrate as US global leadership, and many European, British and Canadian scholars question as hegemony of a broadly Gramscian type, Asian or African scholars may see merely as a case of (neo)imperialism (Blyth, 2009, p.4; cf. Cohen's, 2019, geo-economically sensitive short textbook). Not so straightforwardly connected to geo-economic or geo-political positioning, a wide variety of critical approaches have emerged, variously mixing Marxian, post-structuralist, feminist,

failing to be in the interests of all domestic actors individually. The main *explanandum* of this approach consists of trade openness or economic openness more generally. Lake explains further that OEP 'begins with individuals, sectors, or factors of production as the units of analysis and derives their interests over economic policy from each unit's position within the international economy' (p. 225). The derivation of their interests is usually based on neoclassical economic theory. However, the theory is not unified in this regard: 'A key divide within the approach is between the Ricardo-Viner or specific factors theory of international trade, which assumes that, typically, capital and labor are fixed in particular occupations and, thus, will tend to have similar interests over economic policy, and the Heckscher-Ohlin-Samuelson (HOS) theory of international trade, which assumes that all factors are mobile across occupations within countries and, therefore, capital and labor will possess opposing interests.' (p. 226) A key objective is to 'test' these different implications. The logic of explanation is atomistic: '[OEP] conceives of domestic political institutions as mechanisms that aggregate interests (with more or less bias) and structure the bargaining of competing societal groups. Finally, it introduces, when necessary, bargaining between states with different interests. Analysis within OEP proceeds from the most micro- to the most macro-level in a linear and orderly fashion, reflecting an implicit uni-directional conception of politics as flowing up from individuals to interstate bargaining.' (p.225) Lake recognises that this approach may not always be justifiable, but views it is a good starting point. The rhetoric of justifying unrealistic and antirealist explanations is the same as in neoclassical economics.

and other such grand frameworks (e.g. Shields, Bruff & Macartney, 2011). This may be taken to suggest that the IPE field is, overall, in a state of disarray, raising questions about how well organized or homogeneous IPE should be as a discipline.

While the Open Economy Politics (OEP) framework continues to guide much IPE research especially in the U.S. (see e.g. Chaudoin & Milner, 2017), a large number of scholars both in the U.S. and especially elsewhere fail to be persuaded by it (for a collection of mostly critical assessments, see Phillips & Weaver, 2011). Some have developed alternatives, such as the new interdependence approach (Farrell and Newman, 2014; 2016; 2019), which seeks to explain the *consequences* of economic openness and globalization instead of focusing on their causes, while also enlarging the *explanandum* to cover, for example, global business regulation (in the broad sense of Braithwaite and Drahos, 2000). Another example is the political economy of complex interdependence approach (Oatley, 2019), which tries to take into account the openness and non-ergodicity of all social systems in a manner that seems somewhat reminiscent of post-Keynesian approaches.[2] While these openings take some steps toward the direction that we advocate in this paper, our aspirations are broader in terms of the *explananda*[3] as well as metatheoretically more systematic and explicit.

OEP and related American approaches rely heavily on the conceptual arsenal and authority of mainstream economics (Wade, 2009) and, to reiterate, often draw directly on the standard neoclassical theory. These approaches provide a rather clear instance of economics imperialism (especially 'imperialism of style', as defined by Mäki, 2009).[4]

2 Thomas Oatley (2019) mentions the concept of open systems on p. 960 in Table 1, but does not define or develop it or provide any sources, even though there has been a rich discussion about the concept in post-Keynesian economics and critical realism (and various other sites of discussions). The concept of non-ergodicity is taken to mean that the system of global political economy changes as it moves through time, i.e. time and history matters. While this is a step forward, Oatley defines non-ergodicity somewhat counterproductively via references to North (1999) and David (2001). Both are economists advocating a form of 'historical economics' that tends to take the categories of contemporary mainstream economics as given when interpreting history or dynamic systems regardless of the time period or context under study. For a criticism of 'new economic history' also known as 'cliometrics', see Boldizzoni (2011); and regarding the historicity of social beingness, Patomäki (2020a).

3 The new and complex interdependence approaches seek to explain regulatory changes also in view of whether they make, for instance, financial crises more likely. The latter expands the *explanandum* further by making a distinction between local and global financial crises and exploring their causes in terms of economic contagion and regulatory diffusion. Oatley maintains that in terms of contagion and diffusion the U.S. is in an exceptional position in the world economy. From this point of view it is possible to argue that the attempt of OEP scholars to narrow down the approach and *explananda* of IPE is implicitly based on their US-centrism (ultimately only the US and its domestic politics seems to matter; or at least the approach that seems, from a particular perspective, adequate in the U.S. context, is assumed to be applicable everywhere). At any rate, as will become obvious in the course of this paper, we see no reason to limit the *explananda* of Global Political Economy to regulatory changes and financial crises, even though both are important.

4 It is not surprising, of course, that American IPE has been conquered by the techniques and substantial

Instead of encouraging a balanced dialogue between politics and economics, in terms of its basic outlook and underlying worldview American IPE has largely become a sub-branch of the mainstream version of the latter – a development that Susan Strange (1970) early on feared.[5]

Examined from a Strangean perspective critical of economics imperialism, much of IPE appears to evade hard big-picture questions about the politics of the world economy as a whole. The main part of especially the US strand of IPE tries to identify empirical regularities between different sets of economic and political 'variables', often following the methodologically deductivist and nationalist OEP scheme: economic theory → domestic interests → national negotiations → national policies (oriented toward closed or open economy) → international negotiations → international policies → possible feedback effects on sub-state and state interests (again interpreted in light of economic theory). What is noteworthy is that in these studies categories such as 'interests' and 'states' are routinely reified.[6]

The frustration with the OEP approach reflects an undergoing change in mainstream economics whose substantive neoclassical tenets are under attack from several different directions, some of which are novel.[7] Because a decreasing number of scholars find the standard Friedmanian 'as if' response to a theory's major deviations from realisticness convincing, economists now seem forced to downplay their commitment to the substance of neoclassicism at least rhetorically (Berg & Gigerenzer, 2010). Following David Colander, Richard Holt, and Barkley Rosser (2004), they now often equate economics with its *methodological* practices of statistical analysis (econometrics) and mathematical modelling. In other words, while the familiar question settings, conceptual categories and 'contrast spaces' still inform its expert practices, mainstream economics is being reframed as a mere methodological apparatus without much content or even domain [!] of its own. Something closely related has been going on in IPE: interna-

claims of mainstream economics. The former have been employed also outside social sciences, especially in biology (there is a long historical link between the two disciplines: a key source of Darwin's theory of evolution and the idea of 'survival of the fittest' was Malthus's hypothesis concerning population growth).

5 According to Strange (1970, p. 314), most economists 'convey the impression that they regard consorting with other social scientists as a form of intellectual slumming'.

6 Here we refer to the sense of reification as specified by Anthony Giddens (1979, p. 195), highlighting how particular interests are objectivised and naturalised. According to Giddens, forms of signification which 'naturalise' the existing social relations and circumstances inhibit recognition of the mutable, historical character of human society and thereby act to sustain prevailing interests (of groups, classes or sectors, or states).

7 For example, the core rational choice axioms of the theory are now contradicted by evidence mounting in the cognitive sciences (Berg & Gigerenzer, 2010), while the rapidly changing circumstances in the world economy in 2007–2020 have called into question the prevailing macroeconomic consensus and opened up space for arguments that for decades were marginalised (see e.g. The Economist 2020).

tional political economy has become simply one more domain to the study of which the 'incredibly flexible' methodology of economics is applied. As a result, there is little room for social or political theory left in it. Moreover, the idea of 'micro-foundations' imported from economics leads IPE toward reductionist atomism, where the component parts and elements such as sub-state interests are aggregated at state and inter-state levels and where the wider whole is, by and large, just the sum of its components.

When the new economics-as-a-methodology combines with the old methodological nationalism, we get mostly either country-based case studies or large-N statistical comparisons between allegedly self-contained individual economies and their (somewhat epiphenomenal) political systems. In other words, we tend to get more economics as currently practiced. Interestingly, then, both the 'international' or 'global' and 'political' aspects of conventional IPE seem to be gradually eroding, replaced by (broadly) positivist comparative PE.[8]

Fortunately, there is no lack of alternatives. We have already mentioned the new and complex interdependence approaches. In this paper, we will discuss various alternative and critical approaches —that in fact constitute the mainstream in many IPE units in Europe – more broadly. Since the heydays of the first full-bodied critical IPE approach, namely neo-Gramscianism in the 1990s, the diversity of critical perspectives has increased.[9] As a result, the current spectrum of approaches might be larger than ever. However, this development does not mean that the critical approaches would generally have become more popular. In fact, the most prominent American journals in the field have until recently largely failed to publish critical work (the situation has not much changed since Maliniak and Tierney, 2009, although there are exceptions). In addition to their varying popularity in different geo-economic regions, the critical schools tend to display divergences in style and, most importantly, are riddled with both apparent and genuine disagreements at the level of substance. Their challenge towards the mainstream hence comes in a number of forms and is not easily summarized into a few key points of contestation.

The lowest common denominator shared by more or less all of the critical approaches that we can spot is that they take the pluralist nature of social science seriously. Critical IPE, in all its manifestations, draws from the rich body of social research from social theory and anthropology to history and future studies (and occasionally also from

8 On the disappearance of the 'I' in IPE, see also Keohane (2009), and on the disappearance of the 'P', see Kirshner (2011).

9 Despite its shortcomings, Coxian-Gillian neo-Gramscianism provided the critical scholarship with some coherence. While the neo-Gramscian perspective is by no means forgotten, it is no longer as central to the contemporary British and Canadian IPE as it used to be. Critical IPE has clearly entered a post-neo-Gramscian age.

bordering natural sciences, such as ecology, geography, and complex systems science). We fully embrace this feature of critical scholarship alongside its accompanying commitment to methodological pluralism. Although simplicity, consistency and explanatory unification are important scientific values, they should not be pursued at the cost of informativeness, realisticness and accuracy, all of which can benefit from pluralism. [10]

The shared pluralist commitments certainly provide a good starting point for moving towards a more relevant IPE. However, pluralism alone is hardly enough – even a deeply fragmented field can be 'pluralist' in one sense of term. At present, the critical approaches are lacking a *framework* for adequate causal (and normative) analysis that could foster benign, non-cacophonous forms of pluralism. There are useful frameworks such as neo-Gramscianism and the new and complex interdependence approaches, but they are too limited and specific in some important ways, including in terms of their *explananda*. A key reason for the evident absence of an effective and systematic alternative to the OEP and other positivist approaches is that critical IPE has thus far failed to address satisfactorily two key deficiencies from which it has arguably suffered from its very beginning, including the pioneering work of Strange and Robert Cox. These are:

(1) *Lack of philosophical depth and methodological rigour*. Overwhelmingly, the 'method' of critical IPE still consists of disorganized storytelling without sufficient effort at the formulation of explicit hypotheses – whether qualitative or quantitative, historical or future-oriented – amenable to empirical test and revision. Metatheoretically, the field at large remains in the grips of the unproductive positivism / postpositivism schism (in the sense of Patomäki & Wight 2000), a split long ago discredited in the philosophy of science. Overwhelmingly, critical scholars continue to self-identify as postpositivists of some kind and hence waste energy and opportunity in avoiding terminology that 'sounds positivistic' instead of engaging with the concepts and participating in their reinterpretation and application for the purposes of social research. Evermore deeply entrenched epistemological and methodological disagreement, greatly exacerbated by lack of a shared lexicon, is arguably the single most important driver towards further fragmentation of the field.

10 As Rescher (1993) pointed out, there is a trade-off between consistency and informativeness. Simply put, it is easy to be consistent if one says very little. In an analogous way, explanatory unification becomes easy if one throws away enough evidence. For a still powerful criticism of the myth of simplicity, see Bunge (1963).

(2) *Paucity of explicit and systematic economic theorisation*. Critical IPE continues to be impaired by its lack of reflective attention to economic theory (although there are some very welcome recent contributions that seek to address this problem explicitly, a few of which are listed below). Given that it has always aimed at bringing together insights from at least the political and economic sciences[11], the relative ignorance of alternative economic theories has been somewhat surprising. There has certainly been no corresponding shortage of interest towards radical political and social theory – in fact, critical IPE is often little else.

At first sight, these two types of shortcomings may appear unrelated. No improvement in its underlying philosophical foundation or methodological arsenal would necessitate critical IPE to direct more attention to developments in economics. Nor would any amount of novel interest towards economic theory in itself lead to advances in the epistemic underpinnings or methodological quality of the research conducted. Even if these two deficiencies afflicting the field may thus be *logically* distinct, we can still observe many interesting (practical) connections between them. A serious attempt to rectify either one of the shortcomings could thus move us significantly closer to rectifying the other. On the one hand, productive mutual engagement between critical IPE and non-standard economics clearly requires a plausible metatheoretical framework to guide the cross-disciplinary effort (see also Lainà, 2018a). On the other hand, attention to economic theory would help critical IPE to address some of its epistemological and methodological shortcomings related to the lack of causal explanations. While by no means providing a methodologically uniform or otherwise unproblematic body of work, various post-Keynesian, institutional, feminist, Marxian and other strands of economic theory can provide a rich resource of tools and concepts and thereby inform explicit, but still context-sensitive and historically specific, research hypotheses that readily lend themselves to empirical scrutiny. On average, pluralist approaches to economic theory have arguably been better at formulating and appraising such hypotheses than scholars in critical IPE.

In light of our stress on economic theory and explicit hypotheses, one might suspect that we would ultimately favour a version of the American approach. However, this is not the case for two main reasons. First, in calling for reflective attention to economic theory we are *not* arguing that IPE should become a sub-branch of economics, whether

11 In Strange's (1970) more specific original vision, IPE was supposed to fuse insights of International Relations and International Economics. American scholars, such as Robert Gilpin (1981, 1987), tried to accomplish something similar (Gilpin, 1981, combined statism, non-standard economics and rational choice). The neo-Gramscians went still further in their cross-disciplinary ambitions.

orthodox or heterodox (we prefer the term 'pluralist'[12]). On the contrary, it should grow into a truly cross-disciplinary area of research. Economic theory should play an important role in IPE, but it is vital to (i) understand its internal diversity, and (ii) view it as epistemically on par with other forms of social theorizing. The relative weight we put on economic theory, and from which of its many traditions we at each time choose to draw on, should always depend on the research question at hand. Of course, as IPE studies the international political economy, all research that falls within its domain builds on some economic premises either wittingly or unwittingly. Our recipe is to build on them wittingly. Moreover, we argue for a reflexive attitude to economic theory: it is an important source of societal power whose performative effects constitute a part of the *subject matter* of the social sciences, especially in IPE.[13]

Second, when we argue for explicit hypotheses and their systematic appraisal, we are *not* arguing for more quantification, statistical analysis and formal modelling.[14] These are appropriate ways to systematize and test *some* kinds of hypotheses, but they provide meagre resources for studying the social realm (on overcoming dichotomies between quantitative and qualitative methods, see e.g. Arestis, Brown & Sawyer, 2002; Brannen, 2005; Onwuegbuzie & Leech, 2005; Pratschke, 2003). In this respect, our criticism of the OEP and other positivist IPE approaches (and mainstream economics) is that it is based on a hopelessly narrow and outdated view on what 'respectable science' amounts to. In other words, while both economic theory and a scientific orientation are crucially important for IPE, both of them should be reconceived in broad, pluralist, and *realist* terms. Moreover, as we will discuss below in greater detail, the OEP approach tends to slide back toward methodological nationalism, further limiting its explanatory scope

12 The terminology of 'heterodoxy' vs. 'pluralism' has been a topic of intensive discussions during the past couple of decades. There is a journal called *International Journal of Pluralism and Economics Education*, various special issues (see e.g. *The Journal of Philosophical Economics*, I:2, 2008), and numerous calls for pluralism (for a discussion on Geoffrey Hodgson's prominent appeal, see Dow, 2019). The problem with the term 'heterodox' is that it is defined in oppositional terms. If a particular strand of what is currently 'heterodox' becomes orthodox in a new context, the meaning of 'heterodox' becomes indeterminate. More importantly, as we will argue in this paper, controversies and pluralism are critically important for scientific progress. What is also noteworthy is that the idea of pluralism resonates with the epistemic justification of democracy (in addition, democracy can be justified also normatively).

13 On performativity, see e.g. MacKenzie, Muniesa, & Siu (2007). The performative effects of any theory form part of the subject matter of reflexive social science. However, our hunch is that mainstream economics has currently a wider performative impact on general thought and public policy than perhaps any other form of inquiry.

14 As an example of how indeterminate statistical studies tend to be, Ranjit Lall (2016) shows how the results of statistical country comparisons published in International Organization and World Politics during 2007–2012 change dramatically if the missing information in the raw data of the studies is deleted using a more accurate method (multiple imputation) than the one typically employed (listwise deletion). In roughly half of the cases, apparently statistically significant results become insignificant (and the results change also in most other cases considered).

and power. The sort of pluralist realism we advocate in this paper can combat this kind of narrowness of view.

In this paper, we make four claims: (1) there is a limit to how far IPE can go without addressing economic theory explicitly and reflectively; (2) economics has unhelpfully insulated itself from the concerns of political economy; (3) cross-disciplinary engagement capable of overcoming both the philosophical and economic deficiencies identified above has to build on some version of critical social scientific realism or something sufficiently similar such as realist pragmatism; and (4) IPE should illuminate structures, mechanisms and processes that are not confined by state borders (suggesting the name Global Political Economy, GPE).

THE LIMITS OF IPE WITHOUT ECONOMIC THEORY

The absence of explicit economic theory is relatively clear in the case of the neo-Gramscian approach – arguably the first critical approach to contemporary IPE. In his magnum opus, Cox (1987) described painstakingly the formation of different relations of production, social forces and forms of state throughout world history, and how they, in turn, have played a role in the making of the post-World War II era, particularly within the OECD region. While Cox provided a novel account of the rise and the subsequent crisis and demise of the Bretton Woods system, relying on systematic historicism, there is a distant parallel to the OEP logic of explanation in the sense that in Cox's explanatory scheme production is the origin and foundation of both domestic politics and world order. Production generates resources that can be transformed to other forms of power.

The main *explanandum* is changes of world order, in turn shaping developments in various local and national contexts. In a similar manner, the followers of Cox have tried to describe and explain changes in the forms of state and governance of the capitalist world economy. Stephen Gill (e.g. 1993, 2008) together with others (e.g. Gill & Cutler, 2015) have used concepts introduced by Cox to criticise conventional approaches in IR and IPE (suggesting that the latter ought to be renamed as Global Political Economy, GPE). Initially, the most common theme they addressed was the neoliberal transition that swept the world with dramatic consequences in the 1980s and 1990s. In the 1990s, the main focus of analysis shifted to the establishment and locking-in of this worldwide transition. Characteristically, the neo-Gramscian stories about these developments refer to relations of production, historic blocs of social forces, organic intellectuals, class power, and cultural hegemony. The methodological idea was to take distance from the existing order and power-relations and open up a space for discussions on alternative possibilities (policies, institutions, social relations).

The neo-Gramscian project seems usually to be only indirectly concerned with un-

derstanding and explaining economic growth, efficiency, (un)employment, business cycles, financial crises, distribution of income, or any of the other core topics of economics (although Cox did try to provide a generic explanation of distribution in terms of changing power-relations; it must also be mentioned that Gill & Law, 1988, remains an early and still useful exception). These themes typically form the *background* for interpretations of history rather than the *explanandum* of studies (perhaps most explicitly in Cox, 1987, Chapter 8; see also Cox, 1983). This seems to indicate that neo-Gramscian political economy is, at best, complementary to economic theory. Of course, to the extent that it can help to explain forms of states and regimes of regulation, both crucial to determining economic outcomes, it could also improve economic analysis. However, such a welcome prospect would presuppose at least some significant reunification with economics.

Because of its shortage of economic analysis, the neo-Gramscian framework failed to offer resources to anticipate or explain the financial meltdown of 2008–2009 or the subsequent Eurozone crisis (the new and complex interdependence approaches may be seen as complementary in this regard, even if also these approaches lack an explicit economic theory). Neither has it offered much novel insight in the aftermath of the calamity nor during the Covid-19 pandemic. As a result of this and IPE's more general inability to account for the financial crisis (Cohen, 2009b; but see note 3), there has been a marked shift of interest towards post-Keynesian and, to a degree, Marxian economics among the critically minded.[15] In our judgment, this development was one of the few positive outcomes of the financial crisis. Indeed, it is a development to which IPE *must* respond if it wants to gain wider relevance and improve its explanatory power.

A survey of recent IPE research supports our observation about the relative decline of the neo-Gramscian approach, and perhaps indicates some gradual increase in reflective and critical interest towards economic theory. A *Handbook of IPE* edited by Mark Blyth (2009) does not include a chapter dedicated to the neo-Gramscian approach, and Cohen (2017) does not even mention neo-Gramscianism in listing approaches to the IPE of money. A small, but possibly increasing, number of current studies addresses economics in depth or even draws explicitly on pluralist economic theorising.

Blyth and Matthias Matthijs's (2017) 'endogenous' explanation of capitalist regime change relies largely on Keynes, Kalecki and Goodhart. Ben Selwyn (2017) employs Marxian ideas to criticise accounts of 'anti-poverty consensus' and 'anti-poverty coun-

15 Given that the crisis took by surprise both mainstream economics (which has also seemed unable to learn from it; see Bigo & Negru, 2014; Mirowski, 2014; Morgan, 2015) and, to only a slightly lesser extent, virtually all of IPE (for but a partial exception, see Patomäki, 2005), the conditions for the renaissance of pluralist economic theorising in at least some academic circles (and in the blogosphere) were rather favourable.

ter-consensus' in development economics. Anastasia Nesvetailova (2015) and Herman Schwartz (2018) ask theoretical questions about the nature of money, banking[16] and finance in explaining the global financial crisis of 2008–9 and the role of US dollar as an international reserve currency, respectively. Inspired by the recent work on the financial calamity by the economic historian Adam Tooze (2018) and Perry Mehrling's (2010) earlier stress on the 'money view', there is now a novel literature on (critical) macro-finance (for an introduction, see e.g. Dutta et al, 2020). This literature makes regular, although somewhat disjointed, references to the post-Keynesian work of Hyman Minsky (Bonizzi & Kaltenbrunner 2020). In their book on the EU and global capitalism, Magnus Ryner and Alan Cafruny (2017) employ a mixture of Marxian and post-Keynesian economic theories (see also Ryner, 2012). Patomäki (2013; 2018) synthesises a range of unorthodox economic theories in explaining the Eurozone crisis and present-day disintegrative tendencies in global political economy (see also Khan and Patomäki 2013). The role of reflexivity and performativity of economic theory in explaining economic outcomes is explored by Heimberger and Kapeller (2017) and Patomäki (2019a). Despite such welcome signs of heterodox economics slowly entering IPE, much work remains to be done – both in theoretical and metatheoretical terms.

When we seek to explain key historical developments or criticise prevailing policies and practices of governance, the concerns of economic theory clearly cannot be ignored. What determines economic efficiency and growth? What causes (asset price) inflation, solvency issues, and financial meltdowns? What about deflation, unemployment or underemployment? What explains business cycles or changes in income distribution? Under what conditions do fundamental economic crises occur? What are the socio-economic consequences of such events? And perhaps most acutely, what kind of economic activities would be ecologically sustainable?

Critical IPE unwilling or unable to provide answers to these kinds of questions is likely to remain a marginal phenomenon – a specific set of approaches within a particular strand of the discipline of International Relations. Consider, for example, the case of explaining the process of neoliberalisation (which refers roughly to the same phenomenon as 'open or liberal economic policy' and 'globalisation' in OEP, although from a very different perspective). According to the neo-Gramscian explanatory stories (see Cox, 1987, 1996; Gill, 1990, 1991, 1995; see also Rupert, 1990, 1995), policymakers of the OECD countries have since the 1970s embraced monetarist and other 'market-friendly' policies as a particular, biased response to the perceived problems that emerged in the late 1960s. This response is then explained in terms of a change in power relations in favour of transnational capital. A further claim could be that there are also 'objective'

16 With an explicit focus on banking, Lainà (2018b) combines post-Keynesian economics and critical IPE to study theoretical underpinnings and political potentials of full-reserve banking.

reasons for this shift, for it largely originated in changes in the relations of production, which reflected a transition from the Fordist towards a post-Fordist regime of accumulation.

Leaving OEP aside (it evolved only after Cox's major works), explanations along these lines fail to engage the standard view among mainstream economists, according to which the turn to monetarism and new classical macroeconomics (instead of, say, post-Keynesianism that had anticipated rising levels of inflation)[17] was the epistemically most rational response available in face of the genuine problems of the post-war neoclassical synthesis, such as the 'instability' of the Phillips curve. There are thus many possible hypothetical explanations of the same change. A fully adequate critical account of what the neo-Gramscians call neoliberal transition would (a) need to explain why mainstream economists *believe* that the transition rested on a solid intellectual basis and (b) call that belief into question directly in argumentative terms. For instance, it could be pointed out that orthodox macroeconomic premises push towards the view that Keynesian policies are intrinsically inflation prone and that this concern is then then developed into theories about political business cycles and non-governability of excessive democracies (e.g. Crozier, Huntington, & Watanuki, 1975). In order to tackle this problematic, examine the premises, and to assess different hypotheses systematically, we clearly need to adopt or develop plausible accounts of inflation, (un)employment, business cycles, international trade[18], and state finance. A truly relevant, economically literate IPE would address these topics with a depth that current mainstream economics can never hope to reach.

In addition to neglecting pertinent research *themes*, without explicit and reflective attitude towards economic theorizing, critical IPE may inadvertently commit itself to questionable *assumptions* about economic mechanisms and processes. For instance, numerous Marxian-oriented and other ostensibly critical political economists have long assumed that government bond markets discipline all states regardless of their level of employment or the nature of their financial institutions and laws (see e.g. Strange, 1997, pp. 190–191; Streeck, 2014; Tabb, 2004, p. 120). This assumption is what Lauri Holappa (2020) calls the bond-market-power narrative. Holappa demonstrates the popularity of

17 Decades before stagflation, Joan Robinson (e.g. 1980, pp. 38–39), a major post-Keynesian, had anticipated that 'rising prices would prove to be the great unresolved problem of the full-employment policy'. By referring to Kalecki, however, she added that this problem remains unresolved only under the current institutional arrangements. The political options are thus either a return to orthodoxy (class conflict resolved in favour of concentrations of capital) or development of new social and political institutions (democratising the 'economic' to reflect the increased power of the employees; see also Patomäki, 2019, for the reflexivity of expectations about inflation).

18 For instance, Ylönen and Teivainen (2017) argue that crucial assumptions of standard free-market trade theory fail to hold in practice and world trade thus needs to be studied from a more realistic political economy perspective (embracing also normative political theory).

the narrative in both strands of modern Political Economy, namely International and Comparative Political Economy (on related problematic economic premises in IPE, see also Kotilainen 2016). Such an assumption is also made by Gill and David Law (1989, p. 481) in a problematic passage that suggests that governments cannot bypass bond markets unless they are willing to resort to 'monetary inflation'.[19] This concept originates in the orthodox quantity theory of money that posits a straightforward causal relation between the quantity of money in circulation and the general price level. (Roughly: MV = pq, where M = total amount of money in circulation, V = velocity of money, p = general price level, and q = real output of goods and services. In the quantity theory of money, V and q are usually assumed to remain constant, and causation is always expected to run from M to p.)

Both the quantity theory of money and the bond-market-power narrative are questionable. John Maynard Keynes (1936/1961) argued against the quantity theory of money by reasoning that changes in the circulation of money can affect interest rates, investments and output (thereby affecting q in addition to p). In Abba Lerner's (1951) hypothesis, the inflationary effect becomes dominant only when an economy approaches full employment, although prices tend upwards already before it is reached because of cost pressures – unless countered by appropriate incomes policies.[20] A standard post-Keynesian view is that genuine full employment is rare and capitalist monetary economies are *normally* characterised by considerable excess capacity and involuntary unemployment (see e.g. Lavoie, 2014).[21] Moreover, neochartalists have argued that the extent of market discipline a state faces depends partially on whether the state can issue debt in its own (floating) currency and whether most of its debt is *in fact* denominated in this currency. How big a proportion of its debt the state can reasonably hope to issue

19 Overall, the argument of Gill and Law (1989, p. 481) is somewhat ambiguous. It is not clear to what extent the authors think that the 'structural power of capital' is based on non-ideational mechanisms of capitalist market economy; and to what extent they explain it rather in terms of hegemonic economic ideas. Sometimes Gill and Law talk about believes held by actors (for instance, 'an assumption behind these arguments is that there is a market for capital, enterprise, and inventiveness, and the supply of these will be reduced by higher taxation'); at other points they refer to mechanisms that seem independent of actors' beliefs. See Bell (2012), for an attempt to clarify the role of ideas in the 'structural power of business'.

20 A number of competing explanations about inflation exist. For example, many post-Keynesians regard inflation as being an outcome of an unresolved distributional conflict; and these socio-economic conflicts are usually seen as conditioned by the institutional context (e.g. Burdekin & Burkett, 1996). In an open social system, any concrete inflationary process is path-dependent and evolves through the interdependence of different sectors, actors and policies.

21 Orthodox economic theory assumes that in the 'long run' the economy is characterised by 'full' employment (compatible with the so-called NAIRU level of unemployment) and 'full' capacity utilisation (compatible with the so-called NAIRCU). These assumptions make the monetary inflation story appear superficially credible. Several Marxian and other critical political economists are unwittingly committed to versions of this view. See Holappa (2020, pp. 35-52, and later chps).

in its currency in turn depends for instance on the currency's global demand (and thus, we would like to stress, on the state's positioning in the division of labour and power in the world economy – factors often downplayed by the neochartalists). If states borrow in their own currency and their central banks control interest rates on government debt, governments can often bypass international bond markets even when they run budget deficits and conduct expansionary policies. In such benign circumstances, states have the capacity to finance their spending also through their central banks. (See e.g. Fullwiler, 2007; Kelton 2011; Tymoigne, 2014; Wray 2015) The bond markets tend to exert most pressure on states that borrow in foreign currencies (the euro is equivalent to foreign currency for all EU member states), even if also this generalization is subject to a number of institutional and other contingencies.[22] An economically fully literate IPE would take these and other non-standard insights into account when reflecting on its theoretical commitments. Many pitfalls could be so avoided.

THE SELF-INSULATION OF ECONOMICS FROM OTHER SOCIAL SCIENCES

A key challenge for a more adequate IPE approach is the self-insulation of economics from other social sciences. This self-insulation was both a cause and an effect of the process of increasing separation of the sphere of 'economy' from the rest of society in the 19th century (Morgan & Patomäki, forthcoming). The success of what has later been named as the neoclassical revolution stemmed from the fact that it simultaneously safeguarded the kernel of the classical laissez-faire orthodoxy – the social-reformist intentions and ideas of Marshall, Walras and others notwithstanding – and made it accord with the 19th century idea of the Scientific Method. Physics provided the model to emulate and served as a crucial source of both metaphors and techniques. The early neoclassicists strove for mathematical description, mechanical explanation, and reproducibility of tests (see Mirowski, 1992, for details), although some of them developed also evolutionary and historicist ideas (for an analysis of these antinomies, see Hart, 2012; Morgan & Patomäki, forthcoming). The key to scientific economics, they often presumed, would lie in understanding the way the 'price mechanism' functions in an economy with many consumers, producers and commodities. The neoclassicists went on to argue that this price mechanism could be studied in terms of budget-constrained

22 A key current debate within pluralist economics concerns the nature of budget constraints in different contexts. Whereas the neochartalists argue that budget constraints do not apply to 'monetarily sovereign' states, other theorists such as Anwar Shaikh (2016, p. 690) maintain that 'central bankers must always have Argentinas on their minds; once this is recognized, then it is clear that in practice Treasuries are also budget-constrained'. Despite his criticisms of neochartalism, also Shaikh rejects both the quantity theory of money and the idea that state finances are necessarily dependent on bond markets.

optimization, marginal changes of quantities, and equilibrium dynamics. The mathematical tools of calculus, sharpened by followers of Newton and Leibniz for two centuries, made the project technically feasible.

Once the conceptual basis was established, neoclassical economists could focus on studying mathematical properties of abstract formal systems by employing ever more sophisticated mathematical and statistical tools. This emphasis, which was also influenced by many contingent and extrinsic factors (see Amadae, 2003; Lawson, 2003, Chapter 10) has had three far-reaching effects. First, in contrast to the classical political economy of Adam Smith, Thomas Malthus, John Stuart Mill and others, the 'economy' was analytically separated from the rest of society (and implicitly or explicitly assumed to be concomitant with the territory of a nation-state, hence the term 'national economy'). Second, the practice-driven real-world problems of classical economists faded into the background and large strands of economics started to resemble a branch of mathematics, rather than social science. Third, the more the economists began to focus on the formal properties of abstract systems, the more self-evident and indisputable the conceptual foundations of their narrow approach started to appear to them. Gradually, economists lost sensitivity to alternative conceptualizations. For instance, Keynes's general theory (1936/1961) was quickly transformed into a formal IS-LM apparatus (Hicks, 1937), which conveniently contracted the potentially revolutionary opening into a mere special case of the largely orthodox neoclassical synthesis (instead of the other way around, as Keynes himself intended).

Over time, each of these three developments has sparked controversy and, in turn, a variety of responses from the economics profession. The strict separation of the 'economy' from other spheres of society was followed by economics imperialism that saw an economic logic of optimisation under constraints operative virtually everywhere. The most abstract of the mathematical models have slowly given way to more empirical, 'problem-oriented' micro-research and behavioural approaches; and even the mainstream macroeconomic consensus has absorbed some 'foreign' concepts and concerns, although 'Dynamic Stochastic General Equilibrium' (DSGE) models remain popular, and the 'Aggregate Demand-Aggregate Supply' (AD-AS) model (a modification of the IS-LM apparatus) still informs standard macroeconomics teaching.

Contemporary mainstream economics is characterised by some and apparently rapidly increasing diversity of approaches and topics. The global financial crisis of 2008-9 and circumstances created by the Covid-19 crisis have led to further questioning of the standard approaches especially to macroeconomics. Meanwhile, over several decades, large parts of mainstream economics have become ever more method-driven. Both the advocates of economics imperialism and its critics have repeatedly claimed that the only thing that unites different strands of economics is a shared methodological basis.

Moreover, even this basis seems now to be shifting, as the rise of behavioural economics testifies (for a popular overview, Thaler, 2015). However, one can nonetheless point to a broad combination of methodological and also substantive commitments that continues to constitute a *dominant* way of conducting economics.

Following Lionel Robbins (1932, p. 15), economics has for almost a century been understood as a science that studies the efficient allocation of scarce means to satisfy competing ends (see e.g. Becker, 1978, pp. 3–4). Economists standardly assume stable and non-socially formed preferences (although usually only at a high level of abstraction and with some caveats), optimising behaviour, and the applicability of equilibrium analysis. Everything can be ascribed a price, if not a market price, then at least a 'shadow price' (opportunity cost). Any relevant behaviour can be described and explained in these terms, independently of whether the actors themselves think they are optimising and imputing prices. Game theory is based on the same elements, but adds interdependence of rational choices and some level of reflexivity. There have been some genuinely positive developments in this area of research, such as evolutionary game theory, which allows for certain type of modifications in actor preferences (for an enlightening discussion on James Buchanan's idea that genuine human choice encompasses the possibility that people may choose the kind of person they wish to become, in particular by selecting the kind of preferences they wish to have, see Lewis & Dold, 2019). However, it is revealing that game theory is supposed to require mathematical training but hardly any background in the social sciences, not necessarily even in economics (for an early example, see Copeland, 1945). The combination of social scientific illiteracy and epistemic hubris, boosted by the heavy use of formal methods, resulted in the much-debated phenomenon of economics imperialism, explicated and defended by Gary Becker (1978) and others (e.g. Lazear, 2000). In addition, economics imperialism is driven by a set of understandable, but ultimately misplaced, hopes that originate from some readings of realist and naturalist philosophy of social science (for a discussion, Mäki, 2009).

Also Tony Lawson (1997, 2003, 2012, 2013), a well-known critic of mainstream economics, maintains that the only thing its numerous strands share is a methodological commitment: the insistence that certain methods of mathematical modelling (or related statistical techniques)[23] must always be employed, irrespective of the research question

23 Here we must leave aside problems related to the typical use of statistical techniques. Suffice is to mention that there are significant limits on the possibility of meaningful measurement in the social sciences. The irreversibility of (often unique) processes demands concepts of qualitative rather than merely quantitative change. Moreover, meanings cannot be measured, only understood. Nevertheless, for instance regression analysis can sometimes provide partial or tentative insights as a part of a wider research setting (Arestis, Brown, & Sawyer, 2002; Næss, 2004). Pratschke (2003) claims further that critical realism can help to resolve philosophical problems associated with the specification, assessment and interpretation of statistical models. Partial convergence of approaches may be possible and in some ways illuminating.

at hand. Lawson might downplay the mainstream's substantive commitments a bit too swiftly, but he is right to point out that these routinely used methods and techniques seem to presuppose event regularities that usually occur only in highly closed systems, whereas socio-economic systems are always more or less open.[24]

From this methodological perspective, parts of non-standard economics are in fact surprisingly close to the mainstream. For instance, some post-Keynesians and analytical Marxists standardly employ the same kinds of mathematical methods as neoclassical economists, although they rarely take an equally dogmatic stance on their superiority. The overreliance on largely inappropriate tools leads to economic analyses that seem arbitrary for a political economist searching for illumination of concrete real-world developments. Despite the diversity of available (and conceivable) mathematical models, this arbitrariness is not a coincidence. The closed systems assumption inherent in much of formal modelling is closely related to atomism – implying ontological or at least methodological individualism –, which favours explanations framed in terms of differences between individuals; treats collective entities such as firms and states as individuals; and dismisses structural and systemic explanations (Garfinkel, 1981, Chapter 5). As Lawson (2012) stresses, the ontological implications of methodological choices matter.

Relatedly, and in terms of overt substance, standardised neoclassical economics education teaches 'perfect competition' as a prototype of capitalist market economy, even if technically speaking only as one alternative along a two- or three-dimensional 'contrast space'. All explanation (and normative judgement) involve some contrasts: why x rather than y? These contrasts, in turn, are shaped by theories, practical interests and values (on the significance of contrasts for scientific explanations, see Garfinkel, 1981; Lawson, 1997, pp. 199–226; Morgan & Patomäki, 2017; van Fraassen, 1980). The neoclassical theory of competition provides an example of a two-dimensional contrast space that organizes the spectrum of relevant options around two apparently opposite poles: (1) from *perfect competition* to imperfect competition and *monopoly*; and (2) from *fully competitive free markets* to varying degrees of state intervention and, as a negative limit case, exclusively state-led *centrally planned economy*. These two dimensions form the basis of microeconomic theory. Because according to a common interpretation of methodological individualism, macroeconomics must have rigid 'microfoundations',

24 Bhaskar (1975/2008, pp. 59–69) has explicated the 'limit conditions' for a closure. In what he calls the epistemically dominant case, a closed system must be strictly isolated from its environment, its constitutive individuals atomistic, and the principle of organisation additive. In the epistemically recessive case, a system's extrinsic and intrinsic conditions must merely remain constant. That is, although external influences are possible, they remain stable; and although the constitutive units are not strictly speaking atomistic, their structure can be taken as given, constant or always isomorphic. In both cases, the satisfaction of a rather strict ceteris paribus clause must be required from all epistemically justified claims about event regularities, which renders them highly hypothetical, if not outright speculative. In society, there are no stable event regularities.

these dimensions are reproduced in macroeconomics, too. Since most economists rely routinely on the concept of Pareto efficiency, the third possible contrast dimension is the continuum of equilibrium outcomes in terms of welfare from those satisfying *pure Pareto efficiency* to ones in line with specific social welfare functions (that typically seek to balance efficiency and equity concerns) to ones plagued by *Pareto inefficiency*.

Even when it is accepted that competition is in fact, or even *necessarily*, 'imperfect', the notion of perfect competition remains the main contrast and thereby, in effect, the guiding ideal. However unrealistic, it continues to inform both explanatory and normative purposes. Also some post-Keynesians and other critical economists may (perhaps unconsciously) hold on to the neoclassical contrast space, for example, when examining the macroeconomics of imperfect competition (Guerrian, 2016, p. 166; Shaikh, 2016, pp. 327–379). Numerous theoretical, practical, and even emancipatory efforts presuppose that political economic processes somehow reflect the 'basic' model of perfect competition. Within this contrast space, it appears that many market 'imperfections' such as externalities can be remedied by defining property rights carefully enough and setting up 'truly' competitive markets (from emissions trading to 'flexible' wage setting). In the standard macro models, the apparently competitive price mechanism determines the 'normal' functioning of most markets and hence the economy as a whole (this applies equally to neoclassical synthesis and the more recent RBC-, NMC- and DSGE-models).

The problem is that the contrast space of neoclassical theory is generally both too abstract and too narrow for real world explanatory purposes. A related problem is the untestable and sometimes tautological nature of many of its fundamental assumptions, such as (1) those carried to their logical extreme by Becker and other champions of economics imperialism (instrumental rationality, optimisation under constraints etc.); (2) those related to the ontologically spurious distinction between the 'short run' and the 'long run' (see Morgan & Patomäki, forthcoming, chp 4); and (3) highly idealized and arbitrary auxiliary assumptions such as perfect information, permanent income, Ricardian equivalence and so on. As the neoclassical categories are very pervasive, also many strands of non-standard economics suffer from these or closely linked problems (such as occasional overreliance on mere mathematical or accounting identities in place of causal analysis). We argue that social sciences should be epistemologically open-minded and double-hermeneutical in their methodology. Contrasts should be specified close to concrete open-systemic historical realities. Equally importantly, all research requires careful conceptual work. For a theory to possess explanatory power and guide normative assessment, its contrast spaces and conceptual categories must be anchored in real geo-historical contexts.

TOWARDS PRODUCTIVE MUTUAL ENGAGEMENT

As a result of its insistence on the use of particular formal methods, and because of its problematic substantive assumptions and underlying philosophical commitments, mainstream economics has insulated itself from other traditions of social research. The almost only way this kind of economics has subsequently been able to relate to other social sciences has been by imposing its standards on others, behavioural economics being but a partial exception. The current state of IPE largely reflects these two developments in the relationship of economics with other social sciences. After economics broke with classical political economy and moral philosophy, most social scientists have generally not been keen to address economic issues. As we have argued, even IPE has thus far largely shied away from tackling the core questions of economics directly. Worse still, those working within OEP and related approaches have subsequently surrendered to economics imperialism and taken the neoclassical doctrines as an unproblematic starting point for their own explanatory pursuits. These strands of IPE import from mainstream economics heavily and explicitly and are in the process of turning IPE into a mere sub-branch of the latter discipline. Critical IPE, condemning economics imperialism in principle, has at times tacitly relied on neoclassical doctrines, even if only in an unacknowledged way.

These mirror developments in economics and IPE pose difficulties for political economists like us who believe that IPE needs to develop a more reflective approach to economic theory. A key question is whether there are realist and pluralist research in economics and IPE that could allow bridging gaps between the disciplines. We believe that such approaches do exist in both fields, but in addition to substantial disagreements, there are also ontological and epistemological differences between them. Above we cited several IPE publications that already draw on economic theory reflectively. Within mainstream economics, there are some scholars (such as Joseph Stiglitz) and some approaches (such as behavioural economics) that aim at realisticness and explore the borderline areas of optimising behaviour. Table 1 summarises seven non-standard or pluralist approaches to economics, all of which provide at least some possible elements for new syntheses.

Table 1: Pluralist and heterodox approaches

Marxian	Schumpeterian	Austrian	Institutional	Evolutionary	Feminist	Post-Keynesian
Labour theory of value, social classes, theories of surplus, exploitation, crises & historical change	Economic change, dynamics, growth, innovations, finance, monopoly profits, crises and cycles	Individualism, subjectivism, practical knowledge, emergence, freedom, spontaneous order	Practice, law & constitution of markets; processes of institutional change; historical conjunctions	Routines, practices and technologies; mechanisms of selection, variation and self-replication	Male-construction of mainstream economics; making women count; better concepts & methods	Uncertainty, non-ergodicity/openness, effective demand, whole more than the sum of parts, money

The multifaceted differences between approaches in IPE and economics challenge us to think carefully about the philosophical preconditions of novel syntheses, let alone a possible reunification of the disciplines. Because scientific theories are complicated entities full of all sorts of tightly interlinked assumptions and propositions, one cannot simply take two promising theories and force them into one. Social sciences are double hermeneutical and involve negotiations of meaning at different levels (meta–meta, metatheory–theory, theory–theory, theory–lay understandings). Although competing theories and approaches can all provide useful concepts, ideas, hypotheses or narratives, when they presuppose untenable ontologies, they must be reinterpreted. For this purpose, we need a well-structured metatheoretical framework that enables a cogent translation of diverse claims in terms of a plausible social ontology, making them amenable to systematic assessment, falsification and revision. Such a framework should provide a set of tools, principles and other intellectual resources to guide cross-disciplinary work but still be sufficiently open to facilitate mutual learning. We believe that critical social scientific realism, enriched with insights from related philosophies of science, meets these requirements particularly well, and provides a structure within which economics and IPE could eventually reunite on *non*-imperialist terms. By encouraging explanatory unification driven by genuine dialogue it can serve as an effective alternative for reciprocal ignorance and arrogance.

An attempt to develop a realist framework appropriate for such purposes can now draw on several sources, including (1) critical realism (e.g. Bhaskar, 1975/2008, 1986,; Harré, 1970, 1986; Lawson, 1997, 2003; in IR and IPE, Patomäki 2002); (2) realist pragmatism (see e.g. Rescher, 1987, 1993, 1998, 2007, 2009; in IR, see Hamati-Ataya, 2012); (3) recent realist and naturalist approaches in the philosophy of social sciences (Kaidesoja, 2013; Kuorikoski & Ylikoski, 2012; Little 2016; Mäki, 2011; Wimsatt, 2007); (4) works by other prominent realist analytic philosophers who have paid explicit attention to various questions in the foundations of the social sciences (Putnam, 2002; Searle, 1995); (5) ongoing realist turn in continental philosophy (Harman, 2018; Meillassoux, 2008). A considerable realist literature with high relevance for the social sciences now exists. While it is clear that not all (apparent or genuine) disagreements between these realist approaches have been settled, this should not discourage us from drawing on their immense shared basis and developing a particular synthesis of them.

Critical realism is often associated with the works of Roy Bhaskar (1975/2008, 1986), although he relied heavily on Rom Harré (1970, 1986) and other earlier philosophers, and although CR has been a collective endeavour involving several prime movers such as Margaret Archer, Bob Jessop, Tony Lawson and Andrew Sayer (for an overview and analysis of the development of CR, Patomäki, 2019b). These scholars have developed the central positions of what has become an influential philosophy of social science.

Their variant of scientific realism placed heavy emphasis on a transcendental realist account of ontology, a central element of which is the idea that the mind-independent world must be structured, differentiated, changing, open-systemic and causal for our (scientific) practices to make sense. Because processes involve emergence, there are multiple layers of reality intertwined with each other. Mind and society are emergent. Reality is irreducible to (actual) events; it has depth, involves changeable structures and contains real possibilities, only some of which are ever actualised. As each emergent layer exhibits specific forms of complexity, there is room and need for certain division of scientific labour. The sciences are in the business of explaining the precise ways in which the world is layered, structured and organized (instead of aiming at empirical generalizations or 'laws' at the surface level of events).

The goal of explaining how the (possibly unobservable) structures generate the directly observable entities and events requires a realist account of causality. In a standard CR conception, appropriately structured concrete entities will in suitable conditions exert certain kind of causal power on other concrete entities (Hárre, 1970; see also Kaidesoja, 2007). These real causal powers produce effects in open systems. From this perspective, it is wrong to assume that causation can be analysed in terms of simply necessary or sufficient conditions; yet this is presupposed if one talks about empirical invariances. The modified definition of cause as a so-called INUS-condition resolves this aporia, even if only partially. Cause is an Insufficient but Non-redundant element of a complex which is itself Unnecessary but Sufficient for the production of a result. One implication of the INUS-account is that a causal outcome depends on how different elements are organised and how they intra- and interact.[25] Moreover, there are always many possible complexes capable of (co-)producing the same (or same kind of) outcome. In this conception, causation should be understood not only in terms of complexes as such, but also in terms of the subject matter in question. Complexes at different layers of reality are different in many ways. For this reason, the subject matter of social sciences is different from those of physics, chemistry, biology, although there are also similarities (cf. Bhaskar, 1979/1998).

Social worlds are open: (1) the relationship between the causal complexes and those of their outside (however defined) is typically not constant; and (2) change and qualitative variation in the objects possessing causal powers – including social actors and in-

25 See Bhaskar, 1979/1998, p. 142, p. 178 note 23; the concept is adopted and modified from Mackie, 1974. The INUS-definition of causation appears to cover mainly efficient causes. In addition, there are material, formal and final causes that remain implicit in the concept of causal complex, which involves also internal relations, emergence, intentionality and processes with inherent logics of development. Final causes can be argued to be especially relevant for the social sciences (Kurki, 2008), although social structures typically exhibit formal causation. For an argument that teleological processes are also ubiquitous in nature, and for an application to IR theory, see Wendt, 2003.

stitutions – are ubiquitous. The object of study is relational and historical. Causal analysis must focus on those entities and structures that possess real causal powers, and therefore are capable of producing effects, if triggered, across actual contexts. Causation must thus be specified in terms of a social ontology, explicating the kinds of parts we should be looking for. At any given moment, there is always a structured complex of intra- and interrelated entities, involving actors, intentional and meaningful actions, rules, resources, positioned practices and social systems (some of which are collective actors such as corporations or states). All these relational parts should be conceived as products of past and on-going processes (including at the most abstract level, Patomäki, 2020a). They have particular characteristic ways – or dispositions – of acting and producing effects. Thus, social scientists can spot tendencies, although they find no laws or even invariant regularities. Any outcome is typically co-determined by numerous processual parts of causal complexes. Intra- and interdependence often results in emergent wholes that can be described as mechanisms or systems.

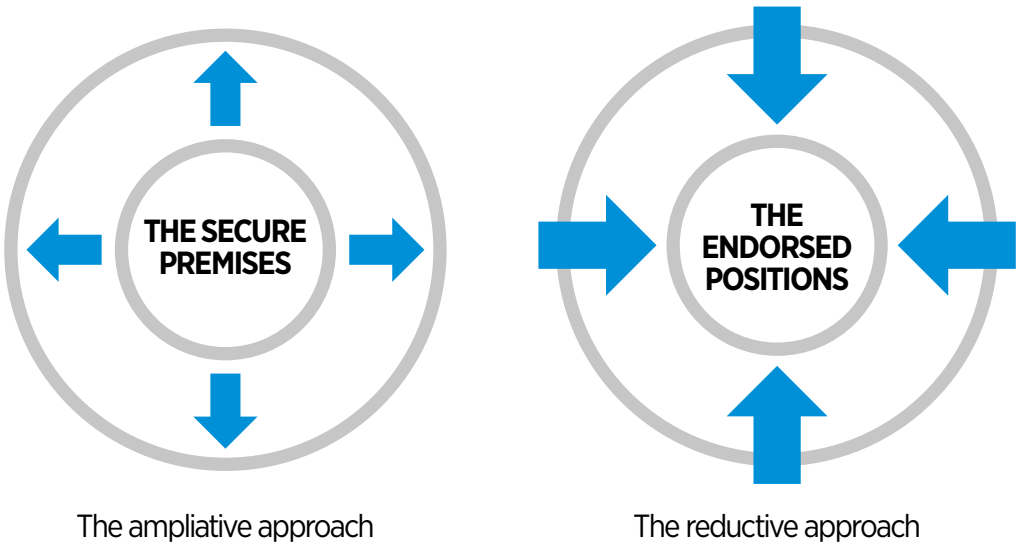
Although division of labour is often justified, ultimately there should be only one integrated social science whose multiple sub-branches study the tightly interlinked aspects of the social realm (just as different sub-branches of physical science study the tightly interlinked aspects of the physical realm). As Lawson (2015) argues, branches of science studying the *same* layer of reality are expected to employ a largely shared set of methodologies that will usually differ from the set of methodologies employed by branches studying a *different* layer. The outdated, and thoroughly discredited, idea that there is a single Scientific Method is clearly incompatible with this model of science. Neither do naturalist attempts to import methodologies from the advanced physical sciences to the social sciences sit comfortably with Lawson's view of the division of scientific labour. These sciences study largely different sorts of properties and powers. However, we do encourage open-ended learning from *and together with* the natural sciences. For instance, developments in the cognitive biosciences can be highly relevant for social inquiry, even if the former sciences will never provide a simple model for social researchers to emulate.

Epistemologically, we can also fruitfully draw from certain insights developed by pragmatists, such as Nicholas Rescher (1987, 1993, 2009). Throughout his work, Rescher has argued that there are two fundamentally different sorts of approaches to the cognitive enterprise – including scientific research. In his (somewhat idiosyncratic) terminology, these approaches are called the ampliative and the reductive (see figure 2). In ampliative reasoning, the researcher starts with a presumably secure set of premises from which she then derives other equally safe propositions.

In the reductive approach, by contrast, the researcher starts with a set of 'plausible acceptance candidates. She then seeks to purify the set by eliminating the invalid hy-

potheses from the set or forging new syntheses between them. In other words, in the reductive approach the starting point is epistemic pluralism and the complex patterns and relationships of the real world (as in critical political economy); whereas in ampliative research the goal is to get from a few simple, basic and apparently secure premises to explanations and predictions (as in neoclassical economics).

Figure 2: Ampliative and reductive approaches to scientific inquiry



Source: modified from Rescher, 1987, pp. 33-4.

Rescher (2009, p. 26) goes on to argue that these two contrasting approaches to inquiry call for different types of inference and argumentative strategies: 'While the paradigm instrument of ampliative reasoning is deductive derivation, the paradigm method of contraction [the reductive approach] is dialectical argumentation'. The term 'dialectics' stresses the social and interactive nature of the research process. Dialectics has to do with disputation, debate, and rational controversy (Rescher, 2007). It answers the question 'how can we go about convincing one another?'. We can imagine most research as a social process in which one contender is defending a thesis (or a set of theses) in the face of objections and counterarguments made by an adversary in a situation where there can be disagreement about background assumptions as well (figure 3).

Figure 3: The structure of a dialectical process



Source: Rescher 2007: 2

Typically, the adversary doubts the thesis or tries to show that there are inherent weaknesses or contradictions in a set of relevant theses to which the defender is committed. The defender can respond by making new qualifications and distinctions, by complexifying concepts and arguments, or by introducing new ones. In the process one then achieves an ever more refined picture of the world through continuing thesis revision, further distinctions and qualified syntheses (one can also abandon a thesis). There is no guarantee that this dialectical process will ever stop given the world's great ability to surprise. New puzzles arise as the researcher digs deeper. The process is continuous and open-ended (see figure 3). A cyclical dialectical process consists of three stages:

- Initiation (positing, declaring, inauguring)
- Response (counter-reaction, reply, opposition, destabilization)
- Revision & readjustment (operational modification, sophistication, complexification)

Following this approach, the researcher first picks up an interesting research problem – usually an antinomy or aporia, involving contrastive questions and a plurality of (apparently incompatible) claims about the world, all seen as interesting candidates for truth in their own right. She then decomposes the problem into its parts and goes on to build a conceptual, explanatory model about the relevant processual causal complex in its internal and external relations. These kinds of models are best understood as explanatory stories that make causal hypotheses explicit. Like a detective, the researcher evaluates existential and causal hypotheses in light of all relevant evidence, regardless of where it comes from and whether it is quantitative or qualitative, and in terms of conceptual and theoretical coherence, informativeness, realisticness, accuracy and explanatory power. As evidence increases and arguments mount, she proceeds by eliminating the hypotheses that run into substantial problems and tries to reformulate and synthesise the rest of them in a coherent form. The overall combined explanation that stands up to the scrutiny – conceived as an iconic model, a descriptive and plausible picture of a possible world – can justifiably be taken as the provisionally correct and the most truth-like one but only until better ones are constructed (Patomäki 2002, 129–133; see also Harré & Rothbart 2004). This methodology involves 'contrastive explanation' (Garfinkel 1981; Lawson 1997; 2003; Morgan & Patomäki 2017; see also Kuorikoski & Ylikoski 2012 for an interesting discussion).

The sort of realist and pragmatist ideas described here could equip IPE with enough of resources to overcome its current deadlock characterized by major philosophical shortcomings. Research can start with a practical explanandum or an empirically established surprising contrast; but the starting point may also be a generic aporia that, while involving also empirical claims, may concern primarily a theory-oriented prob-

lematic. We may thus learn through following different paths to knowledge at various levels of abstraction; yet in social scientific research studying historical open systems, these paths are tightly interwoven and mutually implicated.

A challenge for rational pluralist research is that different traditions are often not compatible in epistemological and ontological terms. Consider for instance the apparent similarity and obvious differences between the OEP and neo-Gramscian main *explanandum*. Shared understanding could best be advanced by means of hermeneutically sensitive comparisons and syntheses of different approaches tailored for the purposes of concrete or more generalizable, theory-oriented explanatory efforts. Disorganized and fragmentary storytelling would thus give way for explicit hypotheses – including about adequate narrative forms – amenable to empirical examination and conceptual revision. Moreover, IPE could overcome its economic naïvety by engaging with economics in this spirit and following the methodological guidelines presented here.

What could for instance the quantity theory of money mean in terms of social ontology, in terms of actors, actions, rules, resources, positioned practices and social systems? It would have to be translated into the language of a realist ontology – or something equivalent such as the language of pragmatism – in order to provide meaningful hypotheses.[26] This point applies equally well for example to post-Keynesian, neochartalist (or modern money theory, MMT), Marxian, and all other theories of money and inflation; as well as to claims about hegemony, social forces, regimes of accumulation, world order, structural power and so on. However, any specification of social ontology must always be subject to concrete historical research. Social ontology is not immune to historical change but rather an abstract model of the basic characteristics and powers of relational social being of a *given* geo-historical era (Patomäki 2020a). Conceived in these terms, a wide variety of approaches can provide interesting candidates for truth. Identification of such candidates, however, is only the beginning of a rational research process.

26 This translation from mere abstract quantitative variables into ontologically and causally meaningful categories can draw on those accounts of the creation and circulation of money that come close to specifying actors, rules, resources and positioned practices and include: (1) intermediation of loanable funds – banks merely pool real savings as deposits and then lend these out; (2) bank money via the money multiplier – a deposit is made, a 'reserve' is retained and the rest is lent, ultimately becoming a deposit at another bank, which then becomes another reserve and loan and so on; (3) credit creation theory – banks make loans, loans become deposits, and every loan is a separate act of money creation. While (1) and (2) inform orthodox macroeconomics, including the quantity theory of money, (3) is probably closer to the prevailing central bank practices in the 2020s and is central to post-Keynesian economics (see e.g. Marcuzzo, 2017). Together with the theory of state money, it also forms the core of MMT (see e.g. Wray, 2015; and for a criticism, Palley, 2019).

OVERCOMING METHODOLOGICAL NATIONALISM

The validity of methodological nationalism depends partially on to what extent social systems in general can be closed or open. Sometimes this problematic is discussed in terms of 'levels of analysis' (for an early critique, see Patomäki 1996). Observing recent trends in IPE, especially in the US, Cohen (2017, p. 658) points out that 'the pendulum has swung sharply toward the domestic level of analysis'. Hypotheses set out within the OEP framework are based on the assumption of essentially isolated or at least analytically separable national systems. Many critical (political) economists share (some version of) this assumption. In other words, they presuppose that national systems are sufficiently closed from each other. In this context, assuming closure amounts, at least in effect, to methodological nationalism that subsumes societies under nation-states and presumes that national borders demarcate societies from each other (Beck, 2007).

Research based on the assumptions of methodological nationalism, closure, and quantifiable variables tend to produce indeterminate results. Even when there is some agreement about the existence of a correlation between some variables in a given context, explanations differ widely (Cohen, 2017). Ultimately, the problem is ontological. A claim about, say, particular domestic interests stemming from the positioning of a group of actors in relation to a particular economic process may well be insightful. Yet the articulation of interests is an open-ended geo-historical process that involves agency capable of both defining identities – who is the 'we' of collective interests? – and determining the meaning of the context. Moreover, global political economy constitutes a complex, dynamic mega-process, in which states and other actors are interwoven. One process can slide into another, and smaller processes combine to form larger ones. Entities such as states or domestic political actors are not only products and manifestations of processes, but they are themselves relational and this relationality is not confined to a 'society' defined by the borders of a state. The 'reductionist gamble' (Oatley, 2011) is therefore unlikely to result in any genuine illumination of real-world developments except in a context-bound, limited and unstable way. On this question, we seem to be in agreement with the new and complex interdependence approaches.

These kinds of general social-ontological claims must nonetheless be seen as open to various counterarguments grounded on empirical and historical research. For example, some critical political economists (e.g. Garrett, 1998; Hirst, Thompson, & Bromley, 2009; Slobodian, 2018; Weiss, 1998) and dissident economists (Mitchell & Fazi, 2017) have concluded that the extent and consequences of globalisation have been vastly exaggerated and used in an ideological way. It is true that signs of globalisation in a technical sense have been used to obscure the dynamics that has led to the triumphant rise of globalisation as a specific political project. In the technical sense, globalisation refers to

the possibility that social relations can be maintained with increasing ease and intensity across time and space. As a dominant political project, however, (neoliberal) globalisation is primarily driven by a conviction that competitive, self-regulating markets, or their administrative simulation within organizations, are the best guarantees of efficiency, freedom, justice, or all of these values. This project is about using international law and organizations to insulate the markets (in a manner that parallels the insulation of the neoclassical theory itself), and especially private corporations, against sovereign states, political change, and democratic demands for greater equality and social justice.

In this spirit, several scholars, including the ones mentioned above, have focused on revealing 'the myths' of globalisation and exposing the ways in which they have been mobilised for specific political purposes. This critical project has taken a variety of interesting forms. One approach is to look at recent historical developments and argue that there is in fact a variety of capitalisms that can be successful (Clark, 2016; Hall & Soskice, 2001). A parallel normative approach is to claim that we need 'smart' globalisation instead of hyper-globalisation (Rodrik, 2011). More generally, perhaps, the claim is that social democratic project can be resuscitated since the state seems more autonomous than what is usually thought, although the full realisation of its sovereignty may require institutional changes (e.g. exit from the euro). William Mitchell and Thomas Fazi's (2017) variant of this idea relies on MMT and the idea of monetary sovereignty. If a state can finance its expenditures in its own floating currency, it faces no budget constraint in normal situations (but see note 22 above). States are sovereign, or at least they would be, if they just emancipated themselves, at least to a sufficient degree, from the 'self-imposed' constraints now operating through various international organizations and legal arrangements.

In contrast to the methodologically nationalist OEP framework, within which public policy is explained in terms of largely given domestic interests and institutions, and society is assumed to be effectively confined by the borders of the nation-state, many critics of neoliberal globalisation (including the neo-Gramsians) have claimed that it is powerful transnational ideas, networks, international organizations and law that now determine public policy, thereby apparently concurring at least with aspects of new and complex interdependence approaches. What is perhaps surprising is that some other critics (such as Mitchell and Fazi) would like to *transform* the world to accord more with the assumptions of methodological nationalism. These antinomies replicate long-standing IR debates about the future of territorial state. For instance, John Herz (1957) argued famously that air power and nuclear weapons have made territorial states obsolete, but later (Herz 1968) reassessed his original thesis. William Connolly (1991) discusses Herz's vacillations and related debates in political and IR theory in terms of nostalgia. Idealist nostalgia for territorial democracy fosters nostalgia for realist inter-

national relations, and vice versa. Both stem from a nostalgia for 'a time when a coherent politics of 'place' could be imagined as a real possibility for the future' (Connolly 1991, p. 463).

Connolly's point clearly applies to many political economy critics of the globalization thesis. While OEP is narrowly seeking for positivist explanatory success in terms of its 'reductionist gamble', its methodological nationalism, however imaginary, seems to accord with this nostalgia as well. OEP is premised on ideas such as (i) people of a territory maintain legitimate rule over themselves through electoral accountability, public discussions and lobbying and (ii) states maintain high degree of economic self-control and self-security enabling it to decide upon its own public policies and future. Whereas OEP assumes the world to be organised in accordance with these ideas, some of the critics of current neoliberal globalization, ironically, see them as ideals to be realised.

The ambiguities and aporias of these discussions indicate that they constitute sites for explanatory and theoretical explorations involving questions about materialism vs. idealism, actual vs. possible/ideal realities, and methodological nationalism vs. methodological globalism. Now, our contribution to this discussion is methodological. Claims originating in these kinds of debates (including those that maintain that globalization in its various guises and aspects is irreversibly transforming our world, such as Beck, 2007, 2016; cf. discussions about deglobalisation in the early 2020s) can be seen as possible and interesting candidates for truth. They try to provide answers to questions in the form of 'why (is it the case that) P in contrast to (other members of) X?'

We maintain that this kind of willingness to learn goes against dogmatic attachment to methodological nationalism arbitrarily restricting the set of possible hypotheses and arguments at the outset. A commitment to pluralism and open-mindedness rather seems to imply an endorsement of methodological globalism. This point has also terminological consequences: as methodological globalists, we prefer to call the field Global Political Economy, or alternatively World Political Economy,[27] rather than International Political Economy.

Methodological globalism does not predetermine answers to normative questions about the best-justified and most adequate national and global responses to economic policy, regulations or global institutional arrangements. To give an example that may help by making this point more concrete, a recent study has found that the vast ma-

27 Whereas the term 'global' means encompassing the whole spatial area of the Earth, the term 'world' is more flexible and can include also parts of the whole and subsystems, including states and their interactions. Moreover, whereas the 'global' has a closed finite form in space ('the Earth', the 'globe'), the 'world' presents a legacy of open and evolving complexity. Historically, the concept of 'world' is Germanic and finds its origins from 'wer' ('who') plus 'alt' ('old'), i.e. the old German 'weralt' and 'uueralt', eventually related to a 'creation of the world'. Thus, the concept of 'world' can be plausible seen as more temporal than spatial. The term World Political Economy is rarely used, however.

jority of over 280 international trade and investment treaties restrict quite unduly the autonomy of states to responsibly regulate cross-border financial flows for stability and development (Gallagher, Sklar, & Thrasher, 2019). Adequate public governance of world economy through better common institutions (see e.g. Patomäki, 2018b, pp. 118-28) is not as such incompatible with increasing pluralism and even substantial autonomy of actors, including states. Quite to the contrary: these are issues that need to be explored and studied open-mindedly. The most adequate responses may often be complex and multilayered.

CONCLUSIONS

We have identified several preconditions for GPE to overcome its economic and philosophical shortcomings and the present deadlock to which they have contributed. First, a relevant and adequate GPE would be conscious of, and reflective about, the economic-theoretical premises on which it builds. Such a GPE would bravely seek to account for economic problems and developments in a direct way. It would not be afraid of crossing disciplinary boundaries, even if that were occasionally to inflict hostile reactions from economists. However, in the face of such reactions GPE should not only teach, but also listen and learn. Never should it impose and colonize.

Second, the prospects of fruitful cross-disciplinary engagement, let alone reunification of economic theorisation and political economy on *non*-imperialist terms, is contingent upon whether the former field would eventually be prepared to enter a balanced and mutual dialogue with the pluralist social sciences. Thus far, such a development has seemed unlikely. However, mainstream economics now faces novel challenges that might ultimately force it to adopt a more inclusive approach. Frameworks such as OEP notwithstanding, political economy in the sense developed in this paper is much broader and more social scientific in its approach than the currently prevailing forms of economics. What we would like to call the *Helsinki approach* to GPE is open to a variety of hypotheses derived from different traditions; its *explananda* cover a much broader domain than currently prevailing approaches, including for instance questions about peace, war and security (see e.g. Patomäki 2008; Patomäki 2020b); it engages with both agency and structure, and examines real-world dynamics. The point of research is ultimately to contribute to the collective learning of humanity and openness improves one's capacity for learning.

Third, cross-disciplinary dialogue aiming at sustained mutual learning is hardly possibly without (dis)solving positivist vs. postpositivist philosophical riddles by means of conceptual resources provided by critical social scientific realism, realist pragmatism and/or closely linked approaches. There is now an entire realist literature on the

philosophy of social sciences that can provide the intellectual resources needed for GPE and economics to eventually move beyond both 'positivism' and the equally antirealist reactions to it. We have proposed an approach that is grounded on realist (pragmatist) thought and an open-systemic understanding of causation. The basic aim of this approach is to respond to contradictions and aporias by means of dialectical scrutiny, aiming at better arguments about social systems. This is our favoured metatheoretical and processual basis for a new integrated approach.

Finally, political economy would need to become a 'methodologically globalist' field. As state borders have causal and constitutive effects, some structures and processes may in some sense be contained within the territories of single states. However, this definitely cannot be an *a priori* starting point of political economy research as such. Thus, we prefer to talk about GPE instead of IPE. As a specialised but broad field, GPE should be primarily concerned about those political and economic developments that do *not* stop at state borders, including all the grand global problems currently facing humanity, such as the immense risks associated with the Anthropocene. These challenges cannot be adequately addressed within the narrow constraints of a comparative and economistic framework presenting its nation-state-centric focus as a value-neutral choice. Shifting attention to genuinely global and normative topics, such as cosmopolitan democracy (see e.g. Patomäki & Teivainen, 2004; and Held & Patomäki, 2006), could be part of the remedy.

REFERENCES

Amadae, S. (2003). *Rationalizing Capitalist Democracy: The Cold War Origins of Rational Choice Liberalism*. Chicago, IL: The University of Chicago Press.

Arestis, P., Brown, A., & Sawyer, M. (2002). Critical Realism and the Political Economy of the Euro. Levy Economics Institute, Working Paper No. 352, September 2002. Retrieved from http://www.levyinstitute.org/publications/critical-realism-and-the-political-economy-of-the-euro .

Beck. U. (2007). The cosmopolitan condition: why methodological nationalism fails. *Theory, Culture & Society*, 24(7-8), 286–90.

Beck, U. (2016). *The Metamorphosis of the World: How Climate Change Is Transforming Our Concept of the World*. Cambridge, UK: Polity.

Becker, G. (1978). *The Economic Approach to Human Behavior* (2nd ed.). Chicago, IL: University of Chicago Press.

Bell, S. (2012). The power of ideas: the ideational shaping of the structural power of business. *International Studies Quarterly*, 56(4), 661–673.

Berg, N., & Gigerenzer, G. (2010). As-if behavioral economics: neoclassical economics in disguise? *History of Economic Ideas*, 18(1), 133–165.

Bhaskar, R. (1975/2008). *A Realist Theory of Science*. London & New York, NY: Routledge.

Bhaskar, R. (1979/1998). *The Possibility of Naturalism. A Philosophical Critique of Contemporary Human Sciences* (3rd ed.). London & New York, NY: Routledge.

Bhaskar, R. (1986). *Scientific Realism and Human Emancipation*. London: Verso.

Bigo, V., & Negru, I. (2014). Mathematical modelling in the wake of the crisis: a blessing or a curse? *What does the economics profession say? Cambridge Journal of Economics*, 38(2), 329–347.

Blyth, M. (2009). Introduction: international political economy as a global conversation. In M. Blyth (Ed.), *Routledge Handbook of International Political Economy (IPE): IPE as a Global Conversation* (pp.1-20). London & New York: Routledge.

Blyth, M., & Matthijs, M. (2017). Black swans, lame ducks, and the mystery of IPE's missing macroeconomy. *Review of International Political Economy*, 24(2), 203–231.

Boldizzoni, F. (2011). *The Poverty of Clio. Resurrecting Economic History*. Princeton: Princeton University Press.

Bonizzi, B. & Kaltenbrunner, A. (2020). Critical macro-finance, post Keynesian monetary theory and emerging economies. *Finance and Society*, 6(1), 76–86.

Braithwaite, J. & Drahos, P. (2000). *Global Business Regulation*. Cambridge: Cambridge University Press.

Brannen, J. (2005). Mixing methods: the entry of qualitative and quantitative approaches into the research process. *International Journal of Social Research Methodology*, 8(3), 173–184.

Bunge, M. (1963). *The Myth of Simplicity: Problems of the Scientific Philosophy*. Englewood Cliffs, NJ: Prentice Hall.

Burdekin, R., & Burkett, P. (Eds.). (1996). *Distributional Conflict and Inflation: Theoretical and Historical Perspectives*. Houndmills: MacMillan.

Chaudoin, S., & Milner, H.V. (2017). Science and the system: IPE and international monetary politics. *Review of International Political Economy*, 24(4), 681–698.

Clark, B. (2016). *The Evolution of Economic Systems: Varieties of Capitalism in the Global Economy*. New York, NY: Oxford University Press.

Cohen, B.J. (2008). *International Political Economy: An Intellectual History*. New Jersey, NJ: Princeton University Press.

Cohen, B.J. (2009a). The multiple traditions of American IPE. In M. Blyth (Ed.), *Routledge Handbook of International Political Economy (IPE): IPE as a Global Conversation* (pp.23-35). London & New York: Routledge.

Cohen, B.J. (2009b). A grave case of myopia. *International Interactions*, 35(4), 436–444.

Cohen, B. J. (2017). The IPE of money revisited. *Review of International Political Economy*, 24(4), 657–680.

Cohen, B. J. (2019). *Advanced Introduction to International Political Economy* (2nd ed.). Cheltenham: Edward Elgar.

Colander, D., Holt, R., & Rosser, B. Jr. (2004). The changing face of mainstream economics. *Review of Political Economy*, 16(4), 485–499.

Connolly, W. (1991). Democracy and territoriality. *Millennium Journal of International Studies*, 20(3), 463–484.

Copeland, A. H. (1945). Review: John von Neumann and Oskar Morgenstern: Theory of games and economic behaviour. [Review of the publication Theory of games and economic behaviour, by J.V. Neumann & O. Morgenstern]. *Bulletin of the American Mathematical Society*, 51(7), 498–504.

Cox, R.W. (1983). Gramsci, hegemony, and international relations: an essay in method. *Millennium Journal of International Studies*, 12(2), 397–401.

Cox, R.W. (1987). *Production, Power and World Order: Social Forces in the Making of History*. New York, NY: Columbia University Press.

Cox, R.W. (1996). *Approaches to World Order*. Cambridge, UK: Cambridge University Press.

Crozier, M., Huntington, S., & Watanuki, S. (1975). *The Crisis of Democracy: Report on the Governability of Democracies to the Trilateral Commission*. New York, NY: New York University Press.

David P. (2001). Path dependence, its critics and the quest for 'historical economics'. In P. Garrouste and S. Ioannides (Eds.), *Evolution and Path Dependence in Economic Ideas*. Cheltenham: Edward Elgar.

Dow, S. (2019). Geoff Hodgson on pluralism and historical specificity. In F. Gagliardi & D. Gindis (Eds.), *Institutions and Evolution of Capitalism* (pp.14-28). Cheltenham: Edward Elgar.

Dutta, S., Kremers, R., Pape, F., & Petry, J. (2020). Critical macro-finance: an introduction. *Finance and Society*, 6(1), 34–44.

Farrell, H. & Newman, A. (2014). Domestic institutions beyond the nation-state: charting the new interdependence approach. *World Politics*, 66(2), 331–363.

Farrell, H. & Newman, A. (2016). The new interdependence approach, theoretical development and empirical demonstration. *Review of International Political Economy*, 23(5), 713–736.

Farrell, H. & Newman, A. (2019). Weaponized interdependence: how global economic networks shape state coercion. *International Security*, 44(1), 42–79.

Fullwiler, S. (2007). Interest rates and fiscal sustainability. *Journal of Economic Issues*, 41(4), 1003–1042.

Gallagher, K., Sklar, S., & Thrasher, R. (2019). Quantifying the Policy Space for Regulating Capital Flows in Trade and Investment Treaties. A G-24 Working Paper, April 2019.

Garfinkel, A. (1981). *Forms of Explanation: Rethinking the Questions in Social Theory*. New Haven, CT: Yale University Press.

Garrett, G. (1998). *Partisan Politics in the Global Economy*. Cambridge, UK: Cambridge University Press.

Giddens, A. (1979). *Central Problems in Social Theory. Action, Structure and Contradiction in Social Analysis*. Houndmills, Basingstoke: Macmillan.

Gill, S. (1990). *American Hegemony and the Trilateral Commission*. Cambridge, UK: Cambridge University Press.

Gill, S. (1991). Reflections on global order and sociohistorical time. *Alternatives*, 16(3), 275–314.

Gill, S. (Ed.). (1993). *Gramsci, Historical Materialism and International Relations*. Cambridge, UK: Cambridge University Press.

Gill, S. (1995). The global panopticon? The neoliberal state, economic life, and democratic surveillance. *Alternatives*, 2(1), 1–49.

Gill, S. (2008). *Power and Resistance in the New World Order* (2nd ed.). Houndmills, Basingstoke: Palgrave Macmillan.

Gill, S., & Cutler, C. (Eds.) (2015). *New Constitutionalism and World Order*. Cambridge, UK: Cambridge University Press.

Gill, S., & Law, D. (1988). *Global Political Economy: Perspectives, Problems, and Policies*. New York, NY: Harvester Wheatsheaf.

Gill, S., & Law, D. (1989). Global hegemony and the structural power of capital. *International Studies Quarterly*, 33(4), 475–499.

Gilpin, R. (1981). *War and Change in World Politics*. Cambridge, UK: Cambridge University Press.

Gilpin, R. (1987). *The Political Economy of International Relations*. Princeton, NJ: Princeton University Press.

Guerrian, B. (2016). A new 'general theory'? [Review of the publication Capitalism, by A. Shaikh]. *World economic review,* 77, 155–167.

Hall, P., & Soskice, D. (2001). *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*. Oxford: Oxford University Press.

Hamati-Ataya, I. (2012). Beyond (post)positivism: the missed promises of systemic pragmatism, *International Studies Quarterly*, 56(2), 291–305.

Harman, G. (2018). *Object-oriented Ontology: A New Theory of Everything*. London: Pelican Books.

Harré, R. (1970). *Principles of Scientific Thinking*. Basingstoke: Macmillan.

Harré, R. (1986). *Varieties of Realism*. New Jersey, NJ: Blackwell Publishing.

Harré, R., & Rothbart, D. (2004). *Modeling: Gateway to the Unknown*. Amsterdam: Elsevier Science.

Hart, N. (2012). *Equilibrium and Evolution: Alfred Marshall and the Marshallians*. Basignstoke: Palgrave MacMillan.

Heimberger, P., & Kapeller, J. (2017). The performativity of potential output: pro-cyclicality and path dependency in coordinating European fiscal policies. *Review of International Political Economy*, 24(5), 904–928.

Held, D., & Patomäki, H. (2006). Problems of global democracy: a dialogue. *Theory, Culture & Society*, 23(5), 115–133.

Herz, J. (1957). Rise and demise of the territorial state. *World Politics*, 9(4), 473–493.

Herz, J. (1968). The territorial state revisited: reflections on the future of the nation-state. *Polity*, 1(1), 11–34.

Hicks, J. (1937). Mr Keynes and the 'classics': a suggested interpretation. *Econometrica*, 5(2), 147–159.

Hirst, P., Thompson, G., & Bromley, S. (2009). *Globalization in Question* (3rd ed.). Cambridge, UK: Polity.

Holappa, L. (2020). *The Bond-Market-Power Fallacy*. Doctoral Dissertation. Faculty of Social Sciences, University of Helsinki.

Kaidesoja, T. (2007). Exploring the concept of causal power in a critical realist tradition. *Journal for the Theory of Social Behaviour*, 37(1), 63-87.

Kaidesoja, T. (2013). *Naturalizing Critical Realist Social Ontology*. London: Routledge.

Keohane, R.O. (2009). The old IPE and the new. *Review of International Political Economy*, 16(1), 34–46.

Keynes, J. M. (1936/1961). *The General Theory of Employment, Interest and Money*. London: MacMillan.

Khan, H., & Patomäki, H. (2013). A Reconstructive Critique of IPE and GPE from a Critical Scientific Realist Perspective: An Alternative Keynesian-Kaleckian Approach. MPRA Paper No. 49517, September 26, 2013. Retrieved from https://mpra.ub.uni-muenchen.de/49517/

Kirshner, J. (2011). The second crisis in IPE Theory. In Nicola Phillips & Catherine Weaver (Eds.), *International Political Economy: Debating the Past, Present and Future*. London & New York: Routledge.

Kelton, S. (2011). Limitations of the government budget constraint: users vs. issuers of the currency. *Paneconomicus*, 1, 57–66.

Kotilainen, K. (2016). *The Political Economy of Monetary Sovereignty in the Era of Modern Money: Moving Towards a Flexible Synthesis of Post Keynesian Economics and Critical GPE*. Master's Thesis. Faculty of Social Sciences, University of Helsinki.

Kuorikoski, J., & Ylikoski, P. (2012). How to be critical and realist about economics. In A. Lehtinen, J. Kuorikoski, & P. Ylikoski (Eds.), *Economics For Real: Uskali Mäki and the Place of Truth in Economics* (pp. 255–273). London: Routledge.

Kurki, M. (2008). *Causation in International Relations: Reclaiming Causal Analysis*. Cambridge, UK: Cambridge University Press.

Lainà, P. (2018a). Meta-theory as a uniting framework for economics and global political economy. *Journal of Critical Realism*, 17(3), 221–232.

Lainà, P. (2018b). *Full-reserve Banking. Separating Money Creation from Bank Lending*. Doctoral Dissertation. Faculty of Social Sciences, University of Helsinki.

Lake, D. A. (2009). Open economy politics: a critical review. *Review of International Organizations*, 4(3), 219–244.

Lall, R. (2016). How multiple imputation makes a difference. *Political Analysis*, 24(4), 413–433.

Lavoie, M. (2014). *Post-Keynesian Economics: New Foundations*. Cheltenham: Edward Elgar.

Lawson, T. (1997). *Economics and Reality*. London & New York, NY: Routledge.

Lawson, T. (2003). *Reorienting Economics*. London & New York, NY: Routledge.

Lawson, T. (2012). Mathematical modelling and ideology in the economics academy: competing explanations of the failings of the modern discipline? *Economic Thought*, 1(1), 3–22.

Lawson, T. (2013). What is this 'school' called neoclassical economics? *Cambridge Journal of Economics*, 37(5), 947–983.

Lawson, T. (2015). *Essays on the Nature and State of Modern Economics*. London: Routledge.

Lazear, E. (2000). Economic imperialism. *The Quarterly Journal of Economics*, 115(1), 99–146.

Lerner, A.P. (1951). *Economics of Employment*. New York, NY: McGraw-Hill.

Lewis, P., & Dold, M. (2019). James Buchanan on the Nature of Choice: Ontology, Artifactual Man, and the Constitutional Moment in Political Economy. June 18, 2019. Retrieved from https://ssrn.com/abstract=3406320.

Little, D. (2016). *New Directions in the Philosophy of Social Science*. London: Rowman & Littlefield.

MacKenzie, D., Muniesa, F., & Siu, L. (Eds.). (2007). *Do Economists Make Markets? On the Performativity of Economics*. New Jersey, NJ: Princeton University Press.

Mackie, J. (1974). *The Cement of the Universe*. Oxford: Oxford University Press.

Maliniak, D & Tierney, M. (2009). The American school of IPE. *Review of International Political Economy*, 16(1), 6–33.

Marcuzzo, M. (2017). The 'Cambridge' critique of the quantity theory of money: a note on how quantitative easing vindicates it. *Journal of Post Keynesian Economics*, 40(2), 260–271.

Mehrling, P. (2010). *The New Lombard Street: How the Fed Became the Dealer of Last Resort*. Princeton, NJ: Princeton University Press.

Meillassoux, Q. (2008). *After Finitude*. New York, NY: Continuum.

Mirowski, P. (1992). *More Heat Than Light: Economics as Social Physics, Physics as Nature's Economics*. Cambridge, UK: Cambridge University Press.

Mirowski, P. (2014). *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*. London: Verso.

Mitchell, W. & Fazi, T. (2017). *Reclaiming the State: A Progressive Vision of Sovereignty for a Post-Neoliberal World*. London: Pluto.

Morgan, J. (2015). Is economics responding to critique? What do the UK 2015 QAA subject benchmarks indicate? *Review of Political Economy*, 27(4), 518–538.

Morgan J. & Patomäki, H. (2017). Contrast explanation in economics: its context, meaning, and potential. *Cambridge Journal of Economics*, 41(5), 1391–1418

Morgan J. & Patomäki H. (Forthcoming). *Timeless Economics. Bringing Real Time Back In*. Scheduled for publication in 2021.

Mäki, U. (2009). Economics imperialism: concept and constraints. *Philosophy of the Social Sciences*, 39(3), 351–380.

Mäki, U. (2011). Scientific realism as a challenge to economics (and vice versa). *Journal of Economic Methodology*, 18(1), 1–12.

Nesvetailova, A. (2015). A crisis of the overcrowded future: shadow banking and the political economy of financial innovation. *New Political Economy*, 20(3), 431–453.

North, D. (1999). Dealing with a non-ergodic world: institutional economics, property rights, and the global environment. *Duke Environmental Law & Policy Forum*, 10(1), 1–12.

Næss, P. (2004). Prediction, regressions and critical realism. *Journal of Critical Realism*, 3(1), 133–164.

Oatley, T. (2011). The reductionist gamble: open economy politics in the global economy. *International Organization*, 65(2), 311–341.

Oatley. T. (2019). Toward a political economy of complex interdependence. *European Journal of International Relations*, 25(4), 957–978.

Onwuegbuzie, A. & Leech, N. (2005). On becoming a pragmatic researcher: the importance of combining quantitative and qualitative research methodologies. *International Journal of Social Research Methodology*, 8(5), 375–387.

Palley, T. (2019). What's Wrong with Modern Money Theory (MMT): A Critical Primer. Forum for Macroeconomics and Macroeconomic Policies Working Paper No. 44, March 2019,

Patomäki, H. (1996). How to tell better stories about world politics. *European Journal of International Relations*, 2(1), 105–133

Patomäki, H. (2002). *After International Relations. Critical Realism and the (Re)Construction of World Politics*. London: Routledge.

Patomäki, H. (2005). The long downward wave of the world economy and the future of global conflict. *Globalizations*, 2(1), 61–78.

Patomäki, H. (2008). *The Political Economy of Global Security. War, Future Crises and Changes in Global Governance*, Routledge: London and New York

Patomäki, H. (2010). After critical realism? The relevance of contemporary science. *Journal of Critical Realism*, 9(1), 59–88.

Patomäki, H. (2013). *The Great Eurozone Disaster: From Crisis to Global New Deal*. London & New York: Zed Books.

Patomäki, H. (2018). *Disintegrative Tendencies in Global Political Economy: Exits and Conflicts*. London and New York; Routledge.

Patomäki, H. (2019a). Reflexivity of anticipations in economics and political economy. In R. Poli (ed.) *Handbook of Anticipation. Theoretical and Applied Aspects of the Use of Future in Decision Making* (pp.555-80). Springer: Cham.

Patomäki, H. (2019b). The promises of critical realism in the 2020s and beyond. *Teoria Polityki*, (3), 189–200.

Patomäki, H. (2020a). On the historicity of social ontology. *Journal for the Theory of Social Behaviour*, online first 2020, 1–23.

Patomäki, H. (2020b). Political economy dynamics of global disintegration and its implications for war, peace and security in 21st century. In S. Hosseini, B. Gills, J. Goodman and S. Motta (eds.) *The Routledge Handbook of Transformative Global Studies* (pp.151-64). Routledge: London & New York.

Patomäki, H. & Teivainen, T. (2004). *A Possible World. Democratic Transformation of Global Institutions*. London & New York: Zed Books.

Patomäki, H., & Wight, C. (2000). After postpositivism? The promises of critical realism. *International Studies Quarterly*, 44(2), 213–237.

Phillips, N., & Weaver, C. (Eds.) (2011). *International Political Economy: Debating the Past, Present and Future*. London & New York: Routledge.

Pratschke, J. (2003). Realistic models? Critical realism and statistical models in the social sciences. *Philosophica*, 71(1), 13–38.

Putnam, H. (2002). *The Collapse of the Fact/Value Dichotomy*. Cambridge, MA: Harvard University Press.

Rescher, N. (1987). *Forbidden Knowledge and Other Essays on the Philosophy of Cognition*. Dordrecht: D.Reidel.

Rescher, N. (1993). *Pluralism: Against the Demand for Consensus*. Oxford: Clarendon Press.

Rescher, N. (1998). *Complexity*. London: Transaction Publishers.

Rescher, N. (2007). *Dialectics: A Classical Approach to Inquiry*. Heusenstamm: Ontos Verlag.

Rescher, N. (2009). *Aporetics*. Pittsburgh, PA: University of Pittsburgh Press.

Robbins, L. (1932). *An Essay on the Nature and Significance of Economic Science*. London: Macmillan.

Robinson, J. (1980). *Further Contributions to Modern Economics*. Oxford: Basil Blackwell.

Rodrik, D. (2011). *The Globalization Paradox: Democracy and the Future of the World Economy*. Oxford: Oxford University Press.

Rupert, M. (1990). Producing hegemony: state/society relations and the politics of productivity in the United States. *International Studies Quarterly*, 34(4), 427–456.

Rupert, M. (1995). *Producing Hegemony: The Politics of Mass Production and American Global Power*. Cambridge, UK: Cambridge University Press.

Ryner, M. (2012). Financial crisis, orthodoxy and heterodoxy in the production of knowledge about the EU. *Millennium Journal of International Studies*, 40(3), 647–673.

Ryner, M., & Cafruny, A. (2017). *The European Union and Global Capitalism: Origins, Development, Crisis*. London: Palgrave.

Schwartz, H. (2018). International money after the crisis. In J.Pixley & H.Flam (Eds.), *Critical Junctures in Mobile Capital* (pp. 131–155). Cambridge, UK: Cambridge University Press.

Searle, J. (1995). *The Construction of Social Reality*. New York, NY: The Free Press.

Selwyn, B. (2017). *The Struggle for Development*. Cambridge, UK: Polity.

Shaikh, A. (2016). *Capitalism: Competition, Conflict, Crises*. Oxford: Oxford University Press.

Shields, S., Bruff, I., & Macartney, H. (2011). *Critical International Political Economy: Dialogue, Debate and Dissensus*. Springer.

Slobodian, Q. (2018). *Globalists: The End of Empire and the Birth of Neoliberalism*. Cambridge, MA: Harvard University Press.

Strange, S. (1970). International Economics and International Relations: a case of mutual neglect. *International Affairs*, 46(2), 304–315.

Strange, S. (1997). The future of global capitalism: or, will divergence persist forever. In C. Crouch & W. Streeck (Eds.), *Political Economy of Modern Capitalism: Mapping Convergence and Diversity* (pp. 182–191). London: Sage Publications.

Streeck, W. (2014). *Buying Time: The Delayed Crisis of Democratic Capitalism*. London: Verso.

Tabb, W. K. (2004). *Economic Governance in the Age of Globalization*. New York, NY: Columbia University Press.

Thaler, R. (2015). *Misbehaving: The Making of Behavioral Economics*. New York, NY: W.W.Norton.

The Economist (2020). The covid-19 pandemic is forcing a rethink in macroeconomics. It is not yet clear where it will lead, 25.7.2020.

Tooze, A. (2018). *Crashed. How a Decade of Financial Crises Changed the World*. London: Penguin.

Tymoigne, É. (2014). Modern money theory, and interrelations between the treasury and central bank: The case of the United States. *Journal of Economic Issues*, 48(3), 641–662.

van Fraassen, B. (1980). *The Scientific Image*. Oxford: Clarendon.

Wade, R. (2009). Beware what you wish for: lessons for international political economy from the transformation of economics. *Review of International Political Economy*, 16(1), 106–121.

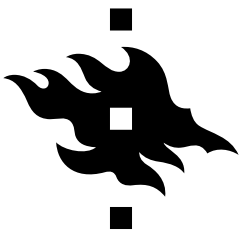
Weiss, L. (1998). *The Myth of Powerless State: Governing the Economy in a Global Era*. Cambridge: Polity.

Wendt, A. (2003). Why a world state is inevitable. *European Journal of International Relations*, 9(4), 491–542.

Wimsatt, W. 2007. *Re-Engineering Philosophy for Limited Beings. Piecewise Approximations to Reality*. Cambridge, US: Harvard University Press.

Wray, L. R. (2015). *Modern Money Theory: A Primer on Macroeconomics for Sovereign Monetary Systems* (2nd ed.). Basingstoke: Palgrave MacMillan.

Ylönen, M & Teivainen, T. (2017). Politics of intra-firm trade: corporate price planning and the double role of the arm's length principle. *New Political Economy*, 23(4), 441–457.



UNIVERSITY OF HELSINKI

Print Mill Oy, Lovisa, Finland 2020