

# THE POLITICAL ECONOMIST

NEWSLETTER OF THE SECTION ON POLITICAL ECONOMY, AMERICAN POLITICAL SCIENCE ASSOCIATION

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## FROM THE PRESIDENT

This issue of the *Political Economist* is being published just one month after our annual APSA meeting. It provides me with the opportunity to report on the most recent events of our section. I first want to thank the outgoing section chair, Kanchan Chandra, for her leadership over the past two years. She has continued the trend of encouraging intellectual and methodological diversity among the section officers, award committees, conference organizers and section members. And this emphasis is also reflected in the exemplary scholarship that was awarded Political Economy Section prizes this September. The winners are listed on the second page of this newsletter. Congratulations to the prize winners!

I also want to thank the outgoing members of the Executive Committee, who have finished their two-year terms, as well as the award committee members and 2020 APSA meeting co-chairs. And I would like to welcome our leadership team for 2020-22. Apart from me, we have a new Secretary/Treasurer, new Executive Council members and a new Newsletter team (as of this summer). The generosity of our members in filling these roles and donating their time is a reason why our section remains successful and strong.

Our business meeting this year had a different flavor from previous years' meetings: because of Covid-19, it was held via Zoom. While everyone, no doubt, wishes we had been together in San Francisco in a world where Covid-19 was a distant memory, in some ways, the connections of our political economy community seemed even tighter than when we are in a generic conference room in an APSA hotel. It was exciting to see people's faces, reminding us of the continued community of scholars, despite our distance and relative isolation in this time of Covid-19. The online format also allowed those who might not have been able to travel to join in our discussion of section business. Indeed, it was one of, if not the, best attended business meetings in memory.

In case you could not join us, I want to call your attention to a new mentoring opportunity which was introduced at the business meeting. Starting next year, the Political Economy section will be hosting a pre-APSA conference junior research workshop. With the goal of continuing to reach out and form a more inclusive political economy community, three junior scholars who are underrepresented within the PE field will be selected to present a working paper at a workshop the day before APSA begins. Each of these paper presenters will be matched with a senior PE scholar, who will offer constructive feedback on the manuscript and provide more generalized mentoring guidance during the workshop and the dinner that follows. More details on the research workshop and the call for papers can be found on page 3. I encourage you to reach out to junior colleagues who could benefit from this networking and mentorship opportunity.

Lastly, the Political Economy program chairs for the 2021 annual meeting are Rikhil Bhavnani (University of Wisconsin, Madison) and Cesi Cruz (University of British Columbia). I encourage you to submit proposals, and I look forward to seeing you – hopefully in person! – in Seattle next year.

Bonnie Meguid

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## GENERAL ANNOUNCEMENTS

### SECTION AWARDS: CITATIONS

#### Mancur Olson Best Dissertation Award

The Best Dissertation Award, named for Mancur Olson, is given for the best dissertation in political economy completed in the previous two years.

**Award Committee:** Lisa Blaydes (Chair, Stanford University), Nikhar Gaikwad (Columbia University), Henry Thomson (Arizona State University)

**Winner:** Guadalupe Tunon, "When the Church Votes Left: The Electoral Consequences of Progressive Religion," UC Berkeley, 2019.

#### McGillivray Best Paper Award

The McGillivray Best Paper Award is given for the best paper in Political Economy presented at the previous year's APSA Annual Meeting.

**Award Committee:** Jane Sumner (Chair, University of Minnesota), George Ofusu (London School of Economics), Agustina Paglayan (University of California, San Diego)

**Winner:** Danny Choi, J. Andrew Harris and Fiona Shen-Bayh, "Ethnic Bias in Judicial Decision-making: Evidence from the Kenyan Appellate Courts"

#### Michael Wallerstein Award

The Michael Wallerstein Award is given for the best published article in Political Economy in the previous calendar year.

**Award Committee:** Cecilia Mo (Chair, University of California, Berkeley), Nicole Baerg (University of Essex), Ian Turner (Yale University)

**Co-Winners:** Francisco Garfias. 2019. "Elite Coalitions, Limited Government, and Fiscal Capacity Development: Evidence from Bourbon Mexico." *Journal of Politics*. 81.1 (January): 94-111.

Dominik Hangartner, Elias Dinas, Mortz Marbach, Konstantinos Matakos, and Dimitrios Xefteris. 2019. "Does Exposure to the Refugee Crisis Make Natives More Hostile?" *American Political Science Review*. 113.2 (May): 442-55.

#### William H. Riker Book Award

The Best Book Award, named for William H. Riker, is given for the best book on political economy published during the past three calendar years.

**Award Committee:** Rafaela Dancygier (Chair, Princeton University), Mark Dincecco (University of Michigan), Maya Sen (Harvard University)

**Winner:** Isabela Mares and Lauren Young. 2019. *Conditionality and Coercion: Electoral Clientelism in Eastern Europe*. Oxford UP.

# THE POLITICAL ECONOMIST

## GENERAL ANNOUNCEMENTS

### POLITICAL ECONOMY SECTION JUNIOR RESEARCH WORKSHOP: CALL FOR PROPOSALS

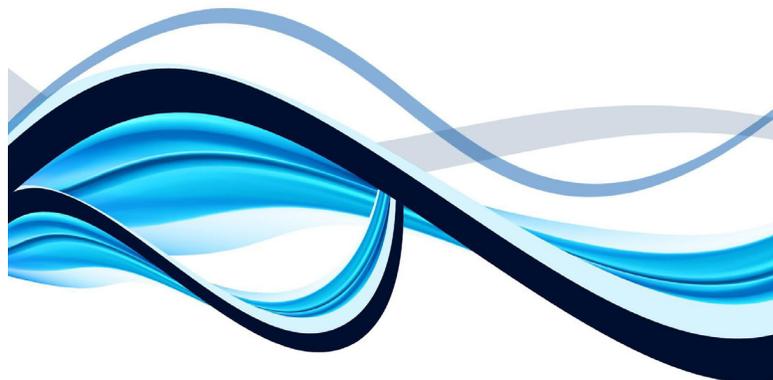
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The Political Economy (PE) organized section of the American Political Science Association is seeking applications from junior scholars for a pre-conference research workshop, held the Wednesday prior to the APSA annual meeting. The workshop aims to provide feedback on a specific paper as well as the broader research program of scholars underrepresented in the political economy field; in doing so, the section seeks to foster greater inclusivity and diversity within the PE community. Dimensions of diversity could include, among other things, race and ethnic identity; gender; non-R1 (“research intensive”) academic institutions; and home departments with little or no presence of other political economy scholars. The workshop is open to tenure-track, non-tenure track, post-docs, and advanced ABD candidates close to completing their Ph.D. dissertation.

Each junior scholar will be asked to present a working paper. We will pair each presenter with a senior PE scholar, sharing similar substantive interests. The senior scholar will offer constructive feedback on the manuscript and provide more generalized mentoring guidance during the workshop and the dinner that follows. Other workshop participants also will offer feedback and participate in the conversation about each paper. We will select three junior scholars for this inaugural workshop. The Political Economy section will defray the costs of participation (lodging and meals) with a \$750 travel grant for each paper presenter.

Interested applicants should submit a two-page proposal indicating how they would benefit from this research workshop, identifying between three and five senior scholars they believe could provide helpful feedback on the paper, and discussing their eligibility for this workshop. In addition, each applicant should submit a PDF version of the working paper they will present if selected to participate. Scholars working in any part of the political economy tradition, broadly construed, are welcome to apply. Please share this call with ABDs and recent PhDs who may be interested, but who are not currently members of the Political Economy section.

Deadline for applications is March 31, 2021. More details on how to apply will be forthcoming later this fall.



## FROM THE EDITORS

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The theme for the Fall 2020 issue of *The Political Economist* is “The Resiliency of the International order to COVID-19.”

The COVID-19 crisis continues to ravage national health systems and economies, and threatens to reorder national politics and disrupt international relations in ways that demand our attention. What comes now for the international order? In what ways do these dynamics challenge conventional modes of political economy scholarship, and in what ways do they validate them?

We asked Kathleen McNamara, Lisa Martin, Thomas Risse and Jeffrey Frieden to reflect on what COVID-19 has revealed about the working of the liberal international order and about the study of political economy. Collectively, the authors point to ways in which we are well-equipped to understand these dynamics, and way in which the pandemic exposes new areas to explore.

**Martin and Risse** suggest that the pandemic has exposed inherent contradictions in the liberal international order (LIO), whose core values and institutions have slowly eroded over the last decades. LIO’s fragility in the face of the COVID-shock is showcased, in their view, by a common and immediate resort to inefficient travel bans, by the lack of a globally-coordinated response to the economic recession, and by the World Health Organization’s weakness and politicization. However, the EU’s ultimately coordinated fiscal response to the economic downturn provides some room for optimism. Martin and Risse end their essay by questioning the ability of “functional” theories of politics to explain the backlash against the LIO, and point to the transformative role of the pandemic in bringing those shortcomings to light.

**McNamara** focuses on how the global pandemic has revealed markets’ as being structured by social processes, and has highlighted culture and identity’s influence over our material choices. Race and racial identity are particularly important for understanding COVID-19’s impacts but these realities, McNamara argues, are too easily overlooked in our discipline’s reliance on a timeless and spaceless model of rationality to explain how markets and power structures function. McNamara reminds us that rationality is socially constructed, and suggests that better understanding the backlash to liberal internationalism requires moving away from conceptualizing material interests-based explanations as being in opposition to explanations rooted in culture and identity.

**Frieden** conceptualizes the to-this-point failed efforts to control the pandemic as a failure to provide a global public good, and highlights domestic and international sources of that under-provision. Domestically, governments have wrestled with the political and literal costs of aggressive containment measures, hoping to free ride from other societies’ willingness to bear them. International institutions’ responses have been similarly hobbled by fights between stronger nations with competing claims to control them. The events have taken on a variety of specific and novel forms in the COVID crises, but Frieden reminds us that our current failure to provide the public good of public health is a specific manifestation of a generalizable set of dynamics that IR has long considered. The best starting point to think about COVID-related politics is to recall how we think about the provision of other global public goods, including addressing climate change or safeguarding financial stability.

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## FEATURE ESSAY

### Testing the Liberal International Order: Resilience and Withdrawal

Lisa L. Martin, University of Wisconsin-Madison & Thomas Risse, Free University of Berlin

The liberal international order (LIO), which has structured much of international relations since 1945, is being tested in new ways by the COVID-19 pandemic. The LIO has been tested before, but those tests have largely been intentional and focused on particular regions or issues, as actors challenged various aspects of the order. The COVID test is unintentional and global, therefore challenging the order in unseen ways. While the global pandemic has exacerbated inherent tensions and challenges to the LIO, it has not created those tensions.

*Defining the LIO.* Lake, Martin, and Risse<sup>1</sup> define the LIO by examining its three core components: order, international, and liberal. The LIO is a rules-based order, with rules, norms, and decision-making procedures structuring relations among members of the order. The international aspect of the order is the relationship between liberal internationalism and what is commonly known as the Westphalian international order. The liberal order and the Westphalian order share certain characteristics, such as self-determination and non-intervention. However, in other ways the liberal and the Westphalian orders are in tension with one another; for example, liberal elements such as respect for human rights and multilateralism conflict with the Westphalian core principle that states have ultimate authority over their territory and people on that territory.

The liberal dimension of the LIO consists of political, economic, and institutional liberalism. Politically, liberalism emphasizes universal human equality, democracy, and political participation. Economically, liberalism has taken different forms over time, ranging from the embedded liberalism of the Bretton Woods system<sup>2</sup> to the neoliberalism that some see as leading to hyperglobalization<sup>3</sup>. Economic liberalism in all its forms has encouraged the free movement of goods and services across national borders; easy, but not unlimited, movement of capital across borders; and human mobility across borders, although this mobility does not come with automatic rights to labor migration or citizenship. Institutionally, liberalism is characterized by multilateralism as a structuring principle<sup>4</sup>. Multilateral institutions rest on generalized principles of conduct (such as rule-based decision-making), a commitment to global governance, and peaceful resolution of disputes.

Altogether, the LIO has promoted and sustained individual liberty, multilateralism, and connectivity (globalization). These aspirations and norms are all directly challenged by the pandemic. Individual liberty is limited by public health measures, ranging from the mild (mask-wearing and social distancing) to the more intrusive (involuntary quarantines, closure of travel routes to and from hot spots). Multilateralism has been sidelined, for the most part. With the exception of the actions of the World Health Organization (WHO) and the European Union (EU), both discussed below, responses to the pandemic have largely occurred at the national (or sub-national) level and have not been well coordinated. The UN Security Council, after a long silence on the crisis, unanimously passed a resolution on July 1 recognizing that the pandemic is likely to endanger international peace and security and calling for a general and immediate cessation of hostilities. However, this was not followed up by much action, which is not surprising given the rivalry between its permanent members China and the United States. Connectivity and globalization are tested by the collapse of international travel, exposure of the fragility of global supply chains, and consideration of the “re-shoring” of the manufacturing sector.

*Reactions to the pandemic.* The COVID test of the LIO has exacerbated tensions within the LIO, but it has not created these challenges. Below we focus in on two specific aspects of this reaction, that of the global public health regime and of the EU. Here, we identify important and notable large-scale reactions to the crisis.

The role of travel restrictions in containing the pandemic is contested. On the domestic level, the ability to quickly impose and enforce severe limitations on travel is seen by some as effective in limiting the spread of the virus. However, scientific modeling of the spread of the virus suggests that the role of such restrictions only slowed the spread of the disease by a few days, attributing success to more common public-health interventions such as masks, hand-washing, and self-isolation.<sup>5</sup>

On the international level, most governments’ first and gut reaction was to stop or limit international travel, irrespective of whether such restrictions made sense or not. Kenwick and Simmons analyze these travel restrictions as a form of “border politics.”<sup>6</sup> They argue that anxiety over border security has been rising in recent years, and governments’ “border orientations” have become a domestic political resource. The pandemic thus allowed governments to advertise their border orientation, with restrictions driven by a political calculus cloaked in concerns for border health. While free movement of people across borders has never been fully supported by the LIO, the extent of restrictions that we now see undermines other parts of the order, such as international trade and international cooperation more generally. The differences between the United States and the EU are striking in this context. Both closed borders

1 Lake, Martin, Risse 2021.

2 Ruggie 1983.

3 Rodrik 2012.

4 Ruggie 1992.

5 Chinazzi et al. 2020.

6 Kenwick and Simmons 2020.

*Martin & Risse Feature Essay...continued from page 5*

rather indiscriminately at the beginning of the crisis. In the case of the EU, this also concerned members of the Schengen area vis-à-vis one another. The United States has maintained border closures vis-à-vis Europe, China, Iran, and Brazil irrespective of developments with regard to Covid-19 in those countries and regions.<sup>7</sup> In contrast, the EU and its member states have adopted a rather sophisticated border regime vis-à-vis each other and third countries that is sensitive to particular developments with regard to virus spread in the various countries.<sup>8</sup>

Responding to the pandemic required the rapid closure of businesses around the world. In turn, countries plunged into deep recessions with levels of unemployment that had not been seen since the Great Depression. One of the hallmarks of the LIO, in its structuring of economic liberalism, has been the promotion of multilateral institutions and informal cooperative bodies, such as the G7, to promote coordinated responses to economic crises like this. The G7 did put out a statement pledging action in March 2020, and, as discussed below, the EU has been active at the regional level in providing bailouts. The International Monetary Fund (IMF) freed up \$100 billion in resources to provide emergency financing to countries in need.<sup>9</sup> However, as the IMF's own COVID response tracker indicates, nearly all of the policies that have been implemented to confront recessions have been undertaken at the individual country level, and there is not much evidence of coordination of those policies.<sup>10</sup>

While the importance of global supply chains to the current world economy is well-known and extensively analyzed, the pandemic has revealed the fragility of those supply chains. Early in 2020, much of China's industry shut down as it strove to contain the virus. One survey showed that 64% of U.S. businesses reported disruption to their supply chains as nonessential businesses around the world closed down.<sup>11</sup> These disruptions gave momentum to the longstanding drive to "reshore" or "near-shore" manufacturing operations, either bringing them back to the home investing country or physically closer to it. For example, many U.S. firms report being very likely to bring manufacturing back to North America as the economy recovers. This is another example of the pandemic accelerating a trend that was already in motion.

In more general terms, the U.S. pull-back from the LIO and from multilateral institutions such as the WTO has continued and accelerated during the pandemic, even though the United States itself co-created the LIO and backed it up with its power resources. It remains unclear and rather unlikely that a possible Biden administration will be able to fully reverse this trend. Similar tendencies hold true for the rise of China and of other autocratic powers challenging the LIO from the outside and continuing to do so during the crisis.

*Focus on the global public health regime.* The record of the LIO's scientific innovation and cooperation in response to the virus is mixed. While China initially withheld information, it quickly shifted to sharing scientific information and promoting global cooperation, for example sharing the genetic sequence of the virus in December 2019, allowing an accelerated timeline for production of vaccines. The G7 met and produced a statement pledging cooperation and full government support in March 2020.<sup>12</sup> Giant foundations pledged large sums of money to support government and private efforts to develop vaccines and therapeutics. However, in practice cooperation has, of course, not lived up to all of these commitments. The United States has not played the leading role that it did in other global public health crises such as SARS and Ebola. Instead, it has announced withdrawal from the WHO and refused to participate in the WHO-led campaign to produce a vaccine, instead going it alone. Production of vaccines has become a competitive race, with some countries such as Russia and China skipping some of the usual trial stages to rush vaccines into production.

The WHO has been central to scientific cooperation and the sharing of information, but its own response has been shaky in ways that show the weakness of this institution as the linchpin of the global public health regime. The WHO as an institution has two main capacities: a functional capacity and a policy capacity.<sup>13</sup> Its functional capacity is more well-developed, as it assists countries in their public health efforts and provides information about public health issues. Its policy capacity is limited. It can issue policy recommendations, for example typically arguing against travel bans and encouraging the adoption of specific public health measures. However, it has no ability to demand that governments adopt particular policies and no enforcement capacity. Prior to 2005, the WHO had essentially no policy capacity. That year, the International Health Regulations (IHR), an international agreement on infectious diseases, was adopted. The IHR puts the WHO's functional capacities at the center of the global public health regime. It also created some policy capacity, in that it authorized the WHO to challenge state sovereignty, if necessary, in the collection and distribution of data.

The WHO has been active, as appropriate, in leading the global response to COVID, for example by declaring the disease officially a pandemic, collecting and sharing information, and publicizing guidelines for policy responses. However, the WHO has also been

7 <https://www.cdc.gov/coronavirus/2019-ncov/travelers/from-other-countries.html>, accessed October 6, 2020.

8 <https://www.consilium.europa.eu/en/policies/coronavirus/covid-19-travel-and-transport/>, accessed October 6, 2020.

9 <https://www.imf.org/en/News/Articles/2020/04/07/sp040920-SMs2020-Curtain-Raiser>, accessed 30 August 2020.

10 <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>, accessed 30 August 2020.

11 <https://www.supplychainedive.com/news/manufacturing-reshoring-pandemic-thomas/577971/>, accessed 30 August 2020.

12 Mesfin 2020.

13 <https://www.thinkglobalhealth.org/article/world-health-organization-and-pandemic-politics>, accessed 30 August 2020.

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*Martin & Risse Feature Essay...continued from page 6*

criticized in ways that challenge both its policy and functional capacities. The main policy criticism has been that the WHO was, in the early days, too deferential to China and therefore hamstrung in rapidly responding to and containing the crisis. On the functional side, the WHO has stuck by its established protocols for offering guidance. These protocols set a high bar for established scientific evidence before the organization releases guidelines. This high bar means that the WHO has lagged behind the private sector in the accelerated scientific response to the pandemic, for example refusing to acknowledge that the virus can be spread by aerosols for weeks after most governments had accepted that this was the case.

Overall, the pandemic has revealed politicization in the WHO and shown more weakness in its functional capacities than had been widely recognized. At the same time, the WHO is absolutely essential to the LIO's ability to respond in a rapid and coordinated manner to disease threats such as pandemics. Whether the WHO will be strengthened, replaced, or marginalized moving ahead remains one of the many unanswered questions raised by this pandemic. Yet again, the pandemic has not created the crisis of the WHO, it has exacerbated it.

*Focus on the EU.* The initial response by the EU and its member states to the pandemic resembled that of most other countries and organizations: nationalism including national border closures prevailed. But then, slowly but surely, the EU and its member states gradually reversed course. After four days and three nights of negotiations, the 27 heads of government agreed in July 2020 to the rescue package "Next Generation EU" of € 750 billion (ca. US\$ 880 billion) to help member states to master the economic repercussions of the crisis – on top of the various national financial aid packages. What is more, the EU will be allowed for the first time to issue bonds, with the member states sharing the risks. And the EU will obtain limited tax authority for the first time to repay joint debts. Last but not least, the EU rescue package will promote structural reforms of the European economy by investing in future-oriented sectors such as clean energy and digitalization. In sum, the EU and its member states have used the pandemic to turn away from the (neoliberal) austerity policies that governed its fiscal and monetary policies during and after the Euro crisis. Its new "Keynesianism" of the 21<sup>st</sup> century is transformative in the sense of restructuring economies. In the process, the EU took the first steps toward fiscal union.

*Conclusion.* We have argued in this piece that the pandemic has exposed rather than created inherent contradictions as well as challenges to the LIO. It has led to different responses to the crisis, exemplified here by the almost opposite responses by the United States and the EU.

What does this tell us about the field of IR as well as the likely future of the LIO? First, as we have argued elsewhere,<sup>14</sup> standard (functional) theories of international cooperation lack the tools to explain the widespread nationalist backlash against multilateralism that characterized the initial responses to the pandemic, as well as the variation in national, regional, and global reactions.

Second, as to the LIO's future, a return to the "good old days" of liberal internationalism is rather unlikely. If the LIO can be saved, the road toward a renewed multilateral international order will be bumpy. The United States will probably not resume its former leadership role in global affairs, not even in a post-Trump era. This fact requires other stakeholders in the LIO (Europe? Partially China? India?) to step up and to shape the future international order. As Keohane wrote more than 35 years ago,<sup>15</sup> "After Hegemony" is not necessarily the end of the world as we know it.

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<sup>14</sup> Lake, Martin, Risse 2021

<sup>15</sup> Keohane 1984.

## FEATURE ESSAY

### How Culture and Identity Structure Markets: The Pandemic and Beyond

Kathleen R. McNamara, Georgetown University

Our world is presenting us with a multitude of existential challenges. The United States, the creator and guarantor of the post-war international liberal order, today is facing the erosion of the norms, practices, and institutions of liberal democracy in the midst of a devastating economic recession. The global pandemic has resulted in disproportionately high levels of American infection rates and deaths, while COVID-19 has hoppedscotched across other continents and regions with a variety of uneven effects. Joined with the heightened anti-system politics of the last few years, most visibly evidenced in Brexit and President Trump's election (Hopkin 2020), the broader foundations of the liberal international order have been shaken to the core.

To fully understand these outcomes, we need to reorient the study of political economy beyond our current approaches. Most critically, we need to confront the reality that markets are structured by social processes and therefore we cannot understand how they actually work without attention to culture and identity. Much of mainstream, high-status scholarship in Comparative Political Economy (CPE) and International Political Economy (IPE) has neglected this fact, putting us behind the curve in our ability to fully understand the world we are living through (McNamara and Newman 2020). Our scholarship has overwhelmingly borrowed models of preference formation from orthodox economics, constricting our ability to understand what motivates people in political life and how power is generated, and ignoring large literatures in sociology and other fields that might allow us to better understand how markets really work.

On the heels of racialized police brutality and widespread social justice protests against racism, one recent and welcome area of heightened visibility in the academy are our own shortcomings around inclusion, diversity, and equity and how our scholarship has been silent on the issue of race itself (Zvobgo and Loken 2020). Racism is a critical example of social processes at work in politics and markets, and how they are intertwined and generative of both power and significant material consequences. But racism and its vital importance should not be seen as a simply separate category of analysis that we only agree to pay attention to because of the Black Lives Matter movement and the pressing concerns of our current moment. Rather we need to more fundamentally reorient the way we model and understand markets and politics more generally to build in the impact of culture and social identities on how politics unfolds in global and national markets. While crises like the ones we are living through make more easily visible the role of culture and identity, these social processes and their institutionalization into power structures and markets profoundly shape our everyday lives and consequential political outcomes even in the most stable and seemingly unproblematic moments.

We need to understand at least two things about how culture and identity matter for outcomes in political economy: that theories of how markets are socially constructed are not “not rational,” and neither are they not “not material.” This means that setting up competing explanations opposing cultural factors versus rational material interests is the wrong way forward. Overcoming these common misunderstandings about the work that social processes do will allow for a much more realistic approach to political economy, and put us in a much better position to grapple with the realities of a post-pandemic world.

#### Ignoring Social Realities

The global pandemic has revealed how social processes structure outcomes, as racial identity is tightly linked to the most devastating impacts of COVID-19. Blacks, indigenous and Latinx people, and people of color are far more likely to get the coronavirus, to suffer from its effects, and to die from it. Nationwide, black people are dying at 2.3 times the rate of white people according to the [COVID Tracking Project](#). This tragedy is not a story about race per se, but rather about racism. It is not the intrinsic biological characteristics of individuals that drive these outcomes, but rather the ways in which political and economic institutions have been structured to discriminate against and disempower people of color. The socially constructed reality of race structures markets, and therefore life opportunities—but unfortunately, the foundations of our field of IPE/CPE have not paid adequate attention to racism's material consequences.

Why have these realities been ignored? First, the blame can be squarely put on racism in our own discipline and profession (Persaud and Sajed 2018; Zvobgo and Loken 2020; Henderson 2013). We all must face this, and work for diversity, inclusion, and equity across all marginalized communities. But another enabling factor has allowed us to sidestep issues of race. Borrowing largely from economics, the majority of high status political economy work has utilized a model of rational, materially-focused atomistic and asocial actors to tease out arguments about what motivates individual action, and how that generates consequential political outcomes. Ironically, that atomistic individual is a cultural construct itself, rooted in neoclassical economics (Polanyi 1944). This reliance on rational, material ideas was at the heart of the Open Economy Politics (OEP) approach dominant in

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elite political economy circles in the early years of IPE/CPE, and resulted in research streams that focused on certain issues, such as opening or closure in the global economy in trade for goods and capital flows while bracketing others--including how social identities structure markets.

Instead, we need an approach that seeks to model market rationality and power as situated within the social reality of a specific historical time and place. Most fundamentally, we need to broaden our understanding of social action beyond narrowly construed rational-strategic logics and material motivations. Huge literatures exist to help us, we just need to widen our gaze from economics to consider the wealth of insights about political economy found in economic sociology and anthropology. Over one hundred years ago, Max Weber noted there are multiple types of rationality at work in human beings, as we are emotional, instrumental, habitual, and norm-governed in the ways we approach the world. Our theories should encompass this reality (Weber 1978).

Fortunately, the shift to open up our understandings of markets to incorporate insights from sociology and other disciplines beyond economics is already happening. It is striking how new generations of scholars in IPE/CPE are much more open to combining approaches that delve into identity and culture alongside more rationalist accounts. In this sense, I am much more cheerful about the work being done by our field than when I wrote my critique a decade ago of our field as hampered by its “intellectual monoculture” (McNamara 2009). Below I lay out, with reference to particular authors and their findings, some basic ways we might begin to integrate culture and identity into IPE and CPE going forward, so that we might have a more realistic understanding of our post-pandemic world.

## **Culture And Identity As Foundational**

We are social creatures, and thus the political economy is permeated by social processes, as markets are made up of human beings. But what does that mean? How might these things be incorporated into our empirical studies and help us make sense of how markets and politics interact? One key way to think about this is to see how culture and identity are critical to the ways we make sense of the world (McNamara 2015). Culture can be thought of as a process of meaning making, shared among some particular group of people. We can think about meaning making as a “a social process through which people reproduce together the conditions of intelligibility that enable them to make sense of their worlds” (Wedeen 2002, 717). Although it is very difficult to see culture when it is all around us, it is vital to recognize that such routinized and widely shared sets of understandings are crucial in stabilizing our social, economic and political institutions (Thomas et al. 1987). The processes are not primordial and unchanging, but rather are the dynamic structures within which we interpret and make meanings of our worlds. My own work has documented the striking trend of central bank independence in the 1990s occurred largely because delegation had important legitimizing and symbolic properties within the particular cultural context of the time, not because of the functional requirements of managing their economies (McNamara 2002). Culture and identity are foundational, woven into how we make sense of the world.

There are some common misconceptions about what culture and identity are that work to hamper our ability to integrate them into our CPE/IPE research. Here, I take up two critical points that are crucial to understanding the workings of global and national markets: culture and identity are not “not rational,” and neither are they “not material.” Instead, rationality is constructed through social processes, which does not make it irrational, but rather situates rationality as always a product of a particular place and time--or culture. And culture and identity are both shaped by material context and have big consequences on material outcomes. Below, I survey just a few examples of scholarship demonstrating these dynamics.

Work on Varieties of Capitalism has demonstrated how various configuration of markets and states produce a range of different types of democratic capitalism (P. Hall and Soskice 2001; P. A. Hall and Thelen 2009). This literature well conveys the point that what is “market rationality” in one country may be very different than another. Policies such as parental leave and subsidized national day care are viewed as promoting market efficiency through female attachment to the labor force in Sweden, whereas they are framed as working directly against markets in the US (Morgan 2006). Scholarship on corporate governance and organizational management points to the range of ideas about how to maximize value and profit, and how their institutionalization over time has huge consequences for the ways in which different firms are valued (Bermiss, Zajac, and King 2013; Fligstein 1993). Scholars have recently linked the perceptions of authenticity to success in crowdfunding of new ventures, as authenticity serves as a form of symbolic capital (Radoynovska and King 2019). Again, markets are shown to not be the sum of mechanistic workings of atomistic actors but rather profoundly structured by social processes in ways that shape market rationality and thus material outcomes.

Literatures on financial markets have shown again and again the role of socially constructed understandings about the value

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of different assets, be they exchange rates or sovereign debt, and how those constructions of value are fundamentally shaped by the identities and culture of the actors involved in those markets. Julia Gray has demonstrated how joining an international or regional organization can have causal impact on a sovereign state's financial market standing even as there is no change in that state's economic fundamentals--rather, it is the new socially constructed classification based on the 'company states keep' that generates the material impact (Gray 2013). Studies on bond markets demonstrate the space between economic fundamentals and evaluations of worth, as institutional investor ideas about what constitutes the best emergent market bond performance profoundly shapes those markets (Naqvi 2019; Mosley 2000). My own work has shown how the decision to pursue monetary integration and the euro in the European Union was mediated through social processes which made that seem a politically and economically preferred outcome, (McNamara 1998).

The social construction of markets can be seen in the trade realm as well. Gaiwkwad and Suryanarayan's fascinating work on India outlines how markets are constructed in part by caste, and strikingly shows how attitudes towards globalization are tempered both by ethnic identity and market placement (Gaikwad and Suryanarayan 2019). J.P. Singh's work investigates how race has structured international trade outcomes, showing how the developing world has been harmed by racialized values that determine trade agreements and trade flows even as scholars of IPE have overlooked these causal factors (Singh 2020). All of these examples underline how rationality in markets is socially constructed and has huge material consequences for states and actors in the international political economy.

### **Integrating Culture and Identity, not Separating it Out**

One consequence of the sidelining of culture and identity in IPE/CPE was to leave many scholars surprised at the backlash to the liberal international order that emerged in the past decade. Yet going forward, our response must be to find ways to better integrate the fact that markets are structured by social processes into our work. Unhelpful is to posit "economic anxiety" *versus* culture and identity, understood as racism or xenophobia, in seeking to understand the world around us as many scholars have done (Norris and Inglehart 2019). If I am right that culture and material outcomes intertwine in consequential ways, and rationality itself is constructed through social processes, such binary oppositions are the wrong way forward. The world may seem to be falling apart, but we already have the tools to understand it. As the global coronavirus pandemic finally begins to recede, we need to make sure to integrate race, social identity, and culture into our understandings of political economy.

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## FEATURE ESSAY

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### International Pandemic Politics

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The tools for understanding the international political trials and tribulations of the current COVID-19 pandemic are quite similar to those we would use to try to understand the difficult politics of any global public good. All countries may have an overriding interest in protecting the environment and biodiversity, safeguarding financial stability, respecting neutral shipping – except when they don't, when other interests intervene. All countries may concur on the need for agreements, and perhaps institutions, to help ensure that these global public goods are provided – except when they don't, when they cannot agree on what is in the agreements and how the institutions function. Analyzing the dynamics of global public goods provision in the case of global public health sheds a great deal of light on what we have observed over the past year, and what we are likely to see in the future.

**A classic global public good.** Global public health, especially control of infectious diseases, is almost as pure an example of a global public good as can be found.<sup>1</sup> The eradication or control of an infectious disease benefits all countries, regardless of whether they contributed or not to the effort. In terms of the two typical features of a public good, these advances in global public health are typically non-excludable – no country can be kept from realizing the benefits -- and non-rival in consumption – one country's enjoyment of the benefits does not reduce another's.

Put another way, global public health is rife with externalities. Microbes do not respect borders, so it makes little sense to eradicate an infectious disease within your borders if neighboring countries do not – the infection will simply spread back to you. Countries that do not effectively control infectious diseases impose negative externalities on their neighbors. Conversely, each country's control of an infectious disease has benefits (positive externalities) for its neighbors. All of these considerations have been evident in the world's experience with COVID-19. China's initial inadequate response facilitated rapid spread to the rest of the world; once China got the virus under control, it ceased to be a significant vector of contamination and other countries with ineffective policies – such as the United States – became major sources of the disease. The global public good nature of global public health initiatives is so clear that over thirty years ago Richard Cooper used it as a paradigmatic example of how cooperation might be achieved in other areas, such as macroeconomic policy.<sup>2</sup>

**Public goods, global and otherwise.** Nonetheless, the analysis of global public goods is more complex than it is often portrayed. In the domestic arena, a public good is under-supplied because private economic actors do not have strong enough incentives to provide it: why supply something, like clean air, that you cannot realistically charge for? At the international level, the analysis needs to demonstrate that *governments* – not private actors – lack the incentive to supply the good. Governments respond to *political* incentives, which means that the public goods problem is only a problem if governments lack political incentives to supply them.

Why would a government not want to control an infectious disease? There are several possibilities;

If all other countries eradicate an infectious disease, the chances of it reaching my country are small. This is classic free riding.

If other countries contribute to the global cost of disease eradication, my contribution is unnecessary and will not be missed. This, too, is classic free riding.

Within my country, the political benefits of controlling the disease are small, for we are a poor country and have problems more pressing than, say, preparing for an epidemic that might or might not happen – like poverty.

These and other considerations do not affect the fact that the control of infectious diseases, and related global public health measures, are global public goods. But the disincentive to contribute to the supply of public health measures is different for national governments, internationally, than it is for private actors, domestically. It is worthwhile to remember the difference between national and global public goods: in one, the under-supply is due to insufficient *economic* incentives, while in the latter it is due to insufficient *political* incentives.

We have seen national politics at work in the differential responses to COVID-19: many governments have, largely for domestic political reasons, minimized the threat from the virus. Some regard a more aggressive response as electorally damaging: this would seem to be the Trump Administration's view. Others, especially in the developing world, regard the economic

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costs of such aggressive measures as “lockdowns” to be unacceptably high. It is interesting to note that countries whose political leadership is generally categorized as “populist” seem more likely to have downplayed the threat from COVID-19 and to have lagged in implementing effective measures of disease control.

**Why supply a public good?** The fact that global public health is a global public good, then, raises the question of why it is supplied at all. Domestically, *government* supplies public goods, inasmuch as no private agent has an incentive to do so. There is no global government with the political or other incentives to supply a global public good. Why do national governments collaborate on global public health in the absence of any authority that can force them to do so?

While governments may be sorely tempted to shirk responsibility for helping to control an infectious disease, they are also aware that an outbreak can be disastrous – as the current global pandemic illustrates. Public health, especially for infectious diseases, is inexpensive relative to the cost societies face from such diseases.<sup>3</sup> For this reason, there has long been inter-governmental cooperation on public health matters. The first of many International Sanitary Conferences was held in 1851, and over many decades oversaw international collaboration to combat such diseases as cholera and yellow fever.

**Institutions and their discontents.** These early efforts at international cooperation on public health led to the creation of some of the earliest international institutions, such as the Pan American Sanitary Bureau (now the Pan American Health Organization) founded in 1902. The League of Nations Health Organization was created in 1920, followed by continued efforts from the United Nations system, since 1948 under the auspices of the World Health Organization (WHO). The international public health institutions play a major role, like other international organizations, in providing reliable information and technical assistance, overseeing the fulfillment of member-country promises, and raising and distributing funds – lots of funds, in the case of the WHO (over \$2 billion a year recently).

As is the case for most global public goods, the most important contributors are large and rich countries. The stakes in global public health are particularly high for rich countries, whose people regard (or used to regard) devastating plagues as things of the past. No government can relish the thought of presiding over a ruinous epidemic. And the largest and richest countries recognize that their contributions may be essential to disease control – or, conversely, that if they do not contribute the disease will likely not be controlled.

For these reasons, as in other areas of international politics, large and rich countries tend to account for outsized portions of the contributions to global public health. For example, the United States has paid 24% of the total assessed contributions to the WHO, while China has paid 12% and Japan 8%. Together these plus the four largest European nations paid nearly two-thirds of the WHO’s assessed contributions.<sup>4</sup>

Inasmuch as the adequate provision of global public health activities depends on the contributions of the largest and richest countries, they can be expected to insist on an equally outsized influence on the direction of these efforts. What might a major contributor want to influence in an organization such as the WHO? It could be to limit the degree of scrutiny to which the WHO subjects the country’s own policies or implementation; or to promote the extent to which the WHO favors the country’s allies over its enemies; or to favor the national origin of a technology or medicine. The point is that the major countries may well differ in what they would like an organization like the WHO to do, even if they agree on the importance of its mission.

The pulling and hauling over the current pandemic – indeed, over global public health more generally – is an excellent example of the tension inherent in all cooperation. Collaboration for mutual gain is fine and dandy, but there are many different ways that collaboration can be carried out. In other words, even in the case of cooperation to provide a public good, there are differential distributional implications of how it is provided. Global public health cooperation, for example, may have differential benefits – helping poor countries more than rich. It can be financed by rich countries or by poor countries. It can favor one country’s health standards over another. Virtually every decision made in global public health – as in all such global public goods – will have differential benefits and costs and will therefore be a source of potential conflict. The Trump Administration’s drumbeat of criticism of the WHO, including the threat to leave the organization, appears to be a function of its belief that the institution shows too much favor to the views and interests of other countries – especially China – and too little to the United States.

**Nationalist health care.** Global public good or not, as we have found out in this pandemic, there is plenty of room for nationalistic policies even aside from disagreements over the WHO’s direction and strategies. When equipment or medicine is scarce, countries can attempt to reserve as much as possible to themselves – even sequestering goods belonging to other countries. Bans on travel or trade may well be justified – or they may be excuses to punish enemies. And high-sounding phrases about

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cooperation can crumble under pressure from a country's public to do something about the epidemic – even at the expense of other countries, or the effectiveness of international efforts. We have seen instances of all this in the current pandemic, and it is no surprise that such conflicts will continue.

**Conclusion.** Global public health – and especially the control of infectious diseases – is about as close as the world comes to a pure global public good. In this, its political economy holds lessons for other global public goods, such as controlling climate change or safeguarding financial stability.<sup>5</sup> First, the analysis of global public goods – unlike those at the national level – requires careful attention to the *politics* of the demand for them and the supply of them. Global public goods are demanded by governments and must be supplied by governments, and the incentives to demand and supply them must of necessity run through the political system. Global public goods are difficult to police and enforce, so that international agreements and institutions almost always are needed to oversee them. Despite broad agreement on the desirability of the global public good in question, there are likely to be disagreements – even bitter conflict – over exactly how the public good is provided, and the distributional implications of its provision.

Global public goods are good by definition; but their provision is never easy. Control of a brutally efficient disease, as in the current pandemic, is in everyone's interest; but that does not mean that it is uncontroversial. Millions may die as the controversies play themselves out; we have both an academic and a human interest in understanding them and understanding how they can be most effectively addressed.

## Notes

1 For the purposes of this essay, I focus on public health measures that can clearly be categorized as public goods, such as the control of infectious disease. There are other global and national public health measures – such as attempts to limit smoking or encourage healthy eating habits – that would not normally be thought of as global public goods. They may fit the definition domestically – limiting smoking and unhealthy eating may reduce national health-care costs – but they do not internationally.

2 Richard N. Cooper, “International cooperation in public health as a prologue to macroeconomic cooperation,” in Richard N. Cooper, Barry Eichengreen, Gerald Holtham, Robert D. Putnam, and C. Randall Henning, *Can Nations Agree? Issues in International Economic Cooperation* (Washington: Brookings Institution, 1989).

3 To be sure, policymakers can under-invest in public health measures for a variety of reasons – perhaps most important, that such measures typically have a very long-term payoff while policymakers' time horizons are short. This indeed may be the reason so much of public health is delegated to independent agencies that can “force” policy to pay attention to the longer run.

4 Assessed contributions provide only a small portion of the WHO's budget, but they do speak to the structure of payments. If voluntary contributions are counted, the proportion paid by the United States is substantially larger.

5 On the latter, see Jeffrey Frieden, “The Governance of International Finance,” *Annual Review of Political Science* 19 (2016).

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