

Abstract

This article makes the case for investigating much more closely the substance of economic ideas in international relations. Recent attention to ideas in international relations assesses the impact of ideas on policy-making but tells us very little about what types of economic ideas are most likely to be influential. Rather, the attention in "rationalist" approaches to international political economy is on political processes "given" a set of actors' preferences or perceptions of interests. Ignored are the reasons why particular sets of economic ideas are invoked in order to define these preferences and interests. This article offers a critique of existing rationalist approaches to economic ideas and international relations and sets out a preliminary new research agenda. The new agenda draws on insights from psychological and social theory so as explicitly to address what types of economic ideas are most likely to influence foreign economic policy-making.

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Introduction

Economic ideas are wrongly neglected in international relations. Although states (and other actors) are assumed to be driven by their "economic interests", the question of how an actor defines its economic interests is seldom addressed. Clearly, a state perceives its international economic interests on the basis of a set of ideas or beliefs about how the world economy works and what opportunities exist within it. Yet, scholars of international relations have seldom contemplated the sources and content of the economic ideas which shape and define states' national economic interests. Modern international political economy is dominated by rationalist accounts of policy-making which neglect "ideas" and focus on "interests" in their explanations of states' conduct. Left unanswered by the rationalists are questions of which economic theories and beliefs are most likely to shape the definition of interests in international relations and why and how it is that particular sets of ideas prevail in the international arena. It is not helpful to be told that an actor's economic interests will be defined by those ideas which best embody that actor's interests. Like a ferris wheel at a fair, the interest-based analyses take you on a ride which gives you a good view of the fair, a predictable trajectory, and leaves you back where you started.

The argument of this article proceeds in the following way. The first section of the article defines "economic ideas" and makes the case for using a definition of ideas which draws together "principled beliefs", "theories" and "world views". The second and third sections develop the case for going 'beyond rational neglect' and for breaking down the artificial separation of 'ideas' from 'interests' in rationalist explanations of foreign economic policy. Section four argues that rationalist analyses tend wrongly to assume that influential ideas are simply "discovered", as opposed to investigating why it is that particular ideas emerge and prevail at particular moments in time. Furthermore, as argued in section five, although political pressures and structures positively affect the uptake of economic ideas, the analysis of political pressures and structures still leaves great gaps in our understanding as to which particular economic ideas will compete to influence policy and why: these gaps are addressed in the final section of the article. Section six draws on psychological, social and political analyses of ideas and policy-making to sketch out a new research agenda for the study of economic ideas in international relations.

Economic ideas, beliefs and ideologies

The term *ideas* has been used in international relations to describe sets of beliefs held by decision-makers (or prevalent within institutions). Such beliefs have been categorised by Goldstein and Keohane (1993: 3-30) as: "causal beliefs", "principled beliefs" and "world views". A causal economic belief would be, for example, a belief that an increase in interest rates will diminish inflation. A principled economic belief might be that it is morally preferable to tax everyone by the same amount. The term "world view" refers to a belief in, say, free-trade theory or in a neoliberal [\(2\)](#) model of development.

Whilst distinctions among causal and principled beliefs and world views are useful and reflect categories used by several authors, [\(3\)](#)

there are two problems with these categories. The first is a minor objection: the definition conflates the term "ideas" with the term "beliefs" when in fact the two terms could usefully be kept distinct so as to convey two different meanings. Sartori (1969: 398-399) is of assistance on this, suggesting to us that "ideas" are subject of thinking, verification and logic, whereas "beliefs" might be said, with a large grain of salt, to be "ideas no longer thought about".

A deeper objection to defining ideas into three categories is that in separating the three different aspect of ideas, one neglects the links between the different aspects. [\(4\)](#)

These links used to be considered in the now-unfashionable study of ideology (Plamanatz, 1970; Howard, 1989). That is to say, the study of ideology focused upon the relationship between the different aspects of a set of ideas: in part belief-system, in part attitudes, in part theories. In political theory, writings about "ideology" highlight the different function different parts of ideas play. As Hazareesingh puts it, if an ideology is conceived as "a set of concentric circles with a core cluster of concepts and ideas, an adjacent bank, and a peripheral one" (citing Freeden, 1986: 4), then we can depict each of the parts of an ideology as performing a different function in the political tradition within which the ideology operates (Hazareesingh, 1994). Whilst few ideologies have exclusive claims to any particular concept or principle, what really makes an ideology distinctive is the way in which the principles or concepts are ordered. Applying this to economic ideas, most sets of economic ideas make use of concepts such as "demand", "supply", "prices", "inflation", "unemployment", and "the current account". What is distinctive about particular sets of economic ideas is the way in which these ideas are used in combination and different issues are given priority: contrast the monetarist focus on the money supply with the keynesian focus on aggregate demand.

Political theorists' writings on ideology open up a subtle and useful discussion as to the content and functions of the various components of different sets of ideas. However, the term "ideology" has largely fallen out of fashion in international relations and political science for a number of reasons. The demise of the term "ideology" in politics was actually predicted in 1956 by Naess, writing that "the movement of the term 'ideology' into social science, social psychology and political science will, within a generation, be followed by a movement in the other direction. It will continue to be used in headlines, in summaries and popularizations, but scarcely in statements intended to express...theories, hypotheses or classifications of observations" (Naess, 1956: 171). For analytical purposes, the term "ideology" has become, to use Geertz's words, "too ideologized" (Geertz, 1964). Modern uses of "ideology" invariably imply partisanship, bias, propaganda, oversimplification, and so forth. Added to this, since Mannheim, the term carries with it a host of methodological and epistemological problems associated with where the analyst of ideology sits in relation to the ideology being studied (Mannheim, 1936; Seliger, 1976).

In view of all the problems associated with the term "ideology", it is perhaps not surprising that the term "ideas" has come to be preferred in international relations (Odell, 1982; Sikkink, 1991; Haas, 1990; Goldstein, 1988 & 1989; Goldstein and Keohane, 1993). The term "idea" is ostensibly simpler and less loaded with the connotations that come with the term "ideology". Furthermore, once the term "ideas" is broken down into beliefs of decision-makers, moral principles, and theories of how the world works or how the world ought to work, as we will see below, ideas become much more manageable to deal with in rationalist frameworks. Yet, as will be argued in this article, in disaggregating ideas one risks ignoring the significance of how the various aspects of ideas relate to each other and how different aspects of the same set of ideas fulfil different political functions.

The definition of "economic ideas" used in this article encompasses all three aspects of ideas: causal ideas, principled ideas and world views (where necessary more specific references are made to these various aspects of ideas). The sets of economic ideas mentioned in this article include: neoliberalism, monetarism, structuralism and *dependencia*, each of which will be defined where mentioned. In each of these sets of economic ideas, causal and principled ideas relate in specific ways to the over-arching world view.

The neglect of ideas

In "mainstream" international relations, for self-conscious reasons, ideas and ideology have for some time been unfashionable topics.⁽⁵⁾

Mainstream rationalist approaches exhort us not to muddy the waters of clear explanation by invoking nebulous propositions about ideas to explain behaviour. Clear explanation, argue the rationalists, derives from the assumption that "behaviour can be adjudged objectively to be optimally adapted to the

situation" (Simon, 1985). In other words, we should start by assuming that outcomes in international relations reflect the objectively definable interests of relevant parties, given their respective capabilities. If a state changes its policies, for example to embrace free trade, one should first examine changes in interests, either at the international or domestic level (Milner, 1988; Rogowski, 1989; Frieden, 1991). Only residually, in the event that all other explanation fails, should one address the possibility of a change in beliefs or ideologies .

The trend towards interest-based explanations and away from ideas is summed up by Goldstein and Keohane who write: "The impressive elaboration of rationalist explanations of behaviour has called into question old assumptions about whether the substantive content of people's ideas really matters for policy" (Goldstein and Keohane, 1993: 4). Sikkink also notes the prevalence of interest-based (over ideas-based) explanations: "in the subfields of international relations, international political economy, and Latin American politics, very little theorizing is concerned with the influence of ideas on politics, while much theoretical energy is expended demonstrating that it is not necessary to know what political actors think in order to explain how they will act" (Sikkink, 1991: 1). In short, ideas, whether economic or not, have been left out of analyses of international relations. In the following paragraphs we will examine more closely and critically the realist and political economy rationales for doing so.

The realist and neorealist arguments for ignoring ideas are well-known. Essentially, the 'interests of the state' are conceived in power-political terms. The state is understood as a unitary actor, whose national interest is heavily conditioned by the view that any one state's interests are construed mainly with reference to that state's position in respect of other states (Waltz, 1979: cf Krasner, 1978 & Krasner, 1992). In the realist view, the analysis of power and interests permits of an objective, rigorous and timeless explanation of international affairs.

Let us be clear - realists do not suggest that ideas play absolutely no role in international relations. Empirically they admit that states virtually always express and justify their policies in idealistic ways or in ways suggesting that they are guided by particular sets of ideas. These expressions, however, we are told to treat with the utmost scepticism. In the first place, such statements are likely to be post-facto justifications. In the second place, paying attention to the content of such statements unnecessarily complicates the task of explaining and understanding international relations. [\(6\)](#)

So why might we want to move beyond the realist analysis? If realists were right, we might expect all states facing a similar economic crisis and in a similar position in the international economy to respond in the same way. Yet, clearly states' economic policies are strongly influenced by factors other than their relative international position. As Haggard and Simmons (1987:513) write: 'Without shifts in power position, interests change as a result of learning, persuasion, and divine revelation'. In order to understand

changes in states' conduct, we can not simply conceive of interests in terms of states' power. Odell makes this point in the conclusion of his study of US international monetary policies: "An adequate explanation or forecast of U.S. policy content will require a combination of the three corresponding analytical perspectives [international market conditions, the interstate military and economic power structure, and *the circulation of policy ideas through Washington*"] (Odell, 1982: 344, italics added). Jervis makes the point in a more general way, noting that if the state's intention and behaviour is determined by the situation in which it finds itself, then decision-makers would be able simply to observe the situation and ask themselves how they would act if they were in the other's shoes. They would not have to worry about the possibility that the other might have values and beliefs that differed from theirs. In Jervis' words: "It is interesting, although not decisive, to note that decision-makers rarely feel confident about using this method....they generally seek a great deal of information about the views of each significant person in the other country"(Jervis, 1976: 16).

Realists do not adequately explain changes in state policy. Explanations of change require more attention to how it is that individuals, domestic groups and institutions interact to formulate conceptions of national interest. Yet this does not force one to adopt an analysis based on ideas rather than interests. Rational choice approaches to international relations offer one way to break open the state and examine the inner workings of the polity without examining ideas.⁽⁷⁾

As we will see below, a great strength of a rational political economy approach is its clarity and parsimony. States' conduct is explained in terms of the rational, optimizing interests either of the state as an economic actor, or, of the most powerful economic actors within the society. In the words of Meier (1990: 185), the new political economy analysis `attempts to disaggregate and operationalize the "State", utilising theories of public choice, collective choice, transaction costs and property rights, rent-seeking and directly unproductive activities'.

There are several problems with a political economy approach which will be explored in this paper. The first we will examine is the way in which interests are defined without reference to ideas. Both the political economy approaches and realist approaches to economic policy hypothesize that interests *as opposed to* ideas shape policy. this severely limits their analysis.

Economic ideas "versus" economic interests

Both realism and political economy approaches harken back to an old debate as to whether ideas *or* interests shape economic policy. Proponents of either side of the debate often quote Keynes who wrote in 1936: "I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas" (Keynes, 1936:384). Keynes was rebutting those who argued that economic policy-making could be explained exclusively in terms of competition among vested interests. More

colourfully, Keynes continues: "Madmen in authority who hear voices in the air, are distilling in their frenzy from some academic scribbler of a few years back".

The same debate over "interests" versus "ideas" continued throughout the Cold War with academics debating whether national interest or ideology was the better source for explaining Soviet conduct. Recall Churchill's famous answer that Soviet policy was best explained by national interest: 'a riddle wrapped in a mystery inside an enigma. But perhaps there is a key. That key is Russian national interest' (Churchill, 1948:449). An alternative answer was that ideology and interests were not separable, as put by Carew Hunt (1958: 108): "There is no yardstick which permits a measure of the exact relationship between power politics and ideology in the policies which result; but surely neither factor can be ignored".

Contrary to the warning that power politics and ideology are difficult to separate, we have seen that the rationalists in international relations do attempt to separate ideas from interests. Rationalists of both the realist and the "new political economy" type assume that the outcomes from interactions among actors reveal choices made on the basis of interest-maximising principles. Ideas matter only in an *a priori* sense, that is to say, preferences are fixed on the basis of particular sets of ideas. Changes in the ideas which shape preferences are seldom dealt with (although below we mention some attempts). Rather, rationalists assume that in aggregate, decision-makers act as though each were individually rational. The benefits of the muscularly rational approach have oft been voiced: as have critiques to this approach (Bueno de Mesquita and Lalman, 1992; Gaddis, 1992/3; Jervis, 1976). The challenge thrown to those who would introduce ideas into international relations is to find a way of doing so which permits of a "social-scientific" inquiry. That is to say which investigates political behaviour in a way which is capable of generating replicable research and invokes testable hypotheses (Keohane, King & Verba, 1994).

The analytical advantages of separating ideas and interests, however, are being questioned even by proponents of a rational choice approach. A new focus on institutions permits a wider inquiry into beliefs and ideas. Vanberg and Buchanan express the new insight of rational choice institutionalists most succinctly: "How a person chooses among potential alternatives is not only a matter of 'what he wants' but also of 'what he believes', and for some kinds of choices an actor's beliefs or theories may play a most crucial role" (Vanberg & Buchanan, 1989: 51). It is now recognised that institutions shape what individuals believe or, as North puts it, that which humans believe is shaped by the "rules of the game in a society" (North, 1993). "New institutionalist" theories of social outcomes now include institutional features into their spartan modelling of agent preferences and optimizing behaviour (Shepsle, 1989).

The new institutionalist approach is being taken up in international relations (Keohane, 1988). Furthermore, the approach is being used to rediscover the role of "ideas" in foreign policy-making. For example, in the Goldstein and Keohane mentioned above the influence of ideas and beliefs on foreign policy is addressed in this vein. The volume offers an excellent and thoughtful treatment of how ideas

influence foreign policy. This work, however, does not bridge the separation between ideas and interests.⁽⁸⁾

Rather, the various contributions highlight the usefulness of employing a null hypothesis which separates ideas from interests and other factors. To quote from the editors' introduction: "our null hypothesis [is]: that variation in policy across countries, or over time, is entirely accounted for by changes in factors *other than* ideas" (Goldstein & Keohane, 1993: 6). The problem with this approach is that by separating ideas from "other factors" in this way, scholars are left free to ignore (or make erroneous assumptions about) where ideas come from.

In most of the literature in international relations, economic ideas are presumed to come from one of two sources: they are either "discovered" or they are "imposed". In the first view, the discovery of new ideas leads to an evolution of beliefs or preferences which many call "learning" or "adaptation". Alternatively, in the second view, ideas are seen as "imposed" to some degree deriving from material or structural sources (Ikenberry & Kupchan, 1990; Gill, 1990 & 1993; Cox 1987). In the following section it is argued that both sets of assumptions wrongly neglect psychological and political motivations for the uptake of ideas.

The diffusion of economic ideas and the logic of discovery

In several recent scholarly works which address the issue of ideas in international relations, the assumption is made that changes in ideas occur when new, better ideas triumph and are catalysts for a process of "learning" or "adaption". For example, in Hall's volume *The Political Power of Economic Ideas* on the uptake of keynesian ideas, Salant argues that 'Keynes' ideas, and the ferment they created, changed the intellectual climate of policy making in the United States' (Salant, 1989:29). Keynesianism is an example of a set of ideas formulated by academics which redefined and offered new solutions to solve problems of the time.⁽⁹⁾

In terms of our definitions of ideas and ideology, keynesian ideas exemplify a world view which encompasses a set of beliefs about how the economy functions which is linked to a set of beliefs about what goals should be attained and how best to go about attaining them.

In explaining how keynesian ideas came to prevail in different countries at a similar time, Salant focuses on the change in thinking in the economics profession, the teaching of economics, and the representation of keynesian economists in government. Salant (1989:50) describes a 'gradual' and 'evolutionary' process of the 'keynesianizing of governmental thought and practice and of opinion leaders'. He concludes that 'the intellectuals in government, especially those in the civil service, were more important influences on thought about economic policy than politicians, political parties, or nongovernmental interest groups'. The argument offers a simple evolutionary explanation as to why economic beliefs might change. New

circumstances pose new problems for policy makers and academics. Academics find new solutions to the problems and policy makers apply them. Hence, new ideas emerge as part of an ongoing rational process of discovery. Better economic ideas are discovered when circumstances change and the better ideas then come to prevail. The explanation, which follows a Popperian logic, might be labelled 'logic of discovery'(Popper, 1959).

Similarly, Haas (1990) analyses the "learning" process in international organisations such as the World Bank. For example, the World Bank in the late 1960s changed its approach from project loans to a basic needs policy. Haas argues that the change in policy came about when economists and developmentalists who were critical of the big-project-trickle-down approach, argued that 'new techniques' were becoming available to help the poor more directly. This `new knowledge' became generally accepted by the donor community, disciples of the new view took an increasing number of places in the World Bank, and hence Bank policies changed.

Haas poses the question of how it is that knowledge might `make the trip from lecture halls, think tanks, libraries, and documents to the minds of political actors?' (Haas, 1990:20). Rephrasing the question, Haas asks: `How does knowledge, by its nature debatable and debated, become sufficiently accepted to enter the decision-making process?'. Implicit in the phrasing of the question is the notion that new ideas are discovered, debated and, when found persuasive, accepted by institutions. Haas does recognise the role of political interests in shaping ideas and the relationship between knowledge and political ideology. Nevertheless, Haas depicts `consensual knowledge' as `generally accepted understandings about cause-and-effect linkages about any set of phenomena considered important by a society'. Consensual knowledge differs from ideology because 'it [knowledge] must constantly prove itself against rival formulas claiming to solve problems better' (Haas, 1990: 20).

As in Salant (1989), so in the work of Haas, we see a "logic of discovery" view which assumes that new economic ideas emerge and compete in a market place of knowledge in which the best ideas for a new set of circumstances prevail. The problem with the 'logic of discovery' answer is that it assumes that ideas change when new, better ideas are discovered. This offers no explanation for theories that have been around for a long time and which suddenly come into fashion (such as neoliberal ideas). Nor does this explain why similar changes in circumstances bring about the uptake of different ideas in different countries (we might compare Brazil and Mexico's responses to fiscal constraints in the 1980s and early 1990s). Missing from the 'learning' explanation is an analysis of why a particular set of ideas get taken up at a particular point in time. Why, we might ask, did alternative new ideas not prevail (say, in the World Bank)? The adoption and prevalence of ideas is often not related to the timing of their so-called 'discovery'.

In summary, there are two sets of assumptions which underpin the "logic of discovery" explanation. In

the first place, it is assumed that where there is a shift in ideas it is because new ideas are discovered, prompted by changes in circumstances. In the second place, it is assumed that the new ideas prevail because they are good (or better) ideas.

It is worth noting that these assumptions have also been made by rational choice proponents when they venture into the world of ideas. For example, Mancur Olson in an article entitled "Is Britain the Wave of the Future? How Ideas Affect Societies" addresses whether ideas about economics and public policy play a "larger role than is often realized in explaining what happens to societies" (Olson, 1990: 91). Olson's puzzle, as he sets it out, is that in spite of Keynes' "ringing affirmation of the overwhelming importance of ideas as compared with vested interests", Great Britain, producer of such excellent ideas in economics, has declined in the twentieth century. Tellingly, Olson misinterprets Keynes who was not arguing that "good ideas" win out over "vested interests". Keynes quite clearly states that "the ideas of economists and political philosophers, *both when they are right and when they are wrong*, are more powerful than is commonly understood." (Keynes, 1936, italics added) The point being made is that ideas can not be assumed to prevail because they are good ideas, nor do ideas shift only where there has been a discovery of new ideas. Very few ideas are very new. Hood, for example, points out that most modern neoliberal ideas "involve a rediscovery of near `extinct' eighteenth-century ideas and practices - such as `workfare', private law enforcement, franchising of public services" (Hood, 1994: 143).

Missing from the "discovery" view of the influence of ideas is a sense of the political forces at work within the decision-making group (including its advisers) and its wider audience. Particular ideas 'take hold' in a government at least in part because the ideas are pushed by particularly powerful groups. It is not suggested that ideas represent nothing more than the vested interests of a particular group. However, the 'logic of discovery' assumption in international relations can be criticized for wrongly ignoring the 'sociology of knowledge' debate which explicitly addresses competing views of the sources of knowledge (compare Popper's "discovery" view and Kuhn's "sociological" view).[\(10\)](#)

Let us move then to look at some of the factors neglected in a "logic of discovery" view of the sources and the uptake of ideas.

Politics and the sources and uptake of economic ideas

Let us now assume that it is not necessarily "good ideas" which prevail. Rather, assume that there are at least two sets of plausible economic ideas in play. For example, take two sets of competing ideas "A-think" and "B-think" (which might be monetarism and keynesianism). Each set of ideas is supported by some people within the society and within the government. The questions we face are: (i) how do the ideas enter the political arena?; and (ii) which set of ideas is likely to prevail? In response to the first question, rationalist answers simply assume that, like meteorites, ideas drop into the political arena.

However, in response to the second question, rationalists usefully point us towards two arenas of political power: the realists to the international arena and political economy theorists to interest groups within the society. We might note that a gramscian or radical perspective on international relations bridges across both arenas (Cox , 1987; Gill , 1990, 1993).

A power-political answer to the questions as to whence and which ideas are likely to prevail would stress the international position of the state. In these approaches, ideas enter the political arena because they are favoured by powerful states (Krasner, 1985). The particular ideas favoured by a state will be those which best embody its national interests. We might add that in the gramscian view, the ideas will be those of the predominant capitalist class, served by the most powerful states in the system (Cox, 1987; Gill, 1990). These systemic views are correct in several important ways and usefully highlight the ways in which relative international power affects which economic ideas might prevail. In the first place, the overall rules of the international economic game (set by the largest players: Cohen, 1986) affect the scope and capacity of states to make choices. Secondly, within the international system, ideas are disseminated not only through education and communication but also in negotiations in which the powerful will enjoy much influence (Strange, 1982; Putnam, 1988; Evans et al, 1993). In the third place, international institutions such as the IMF and the World Bank, are very influential in facilitating a particular world economic view. In negotiations with states these organizations have considerable "leverage" stemming from their capacity to give countries a stamp of much-needed approval for investment and loans from the international financial community. Furthermore, these agencies can push the fact that their consensus on economic policy reflects their world experience, and their considerable technical skill and ability. Summing up all three factors, international power politics will affect where ideas come from and which ideas are likely to prevail in states' foreign economic policy-making through: the rules of the game; negotiations; and international institutions.

The problem with the realist systemic analysis is that it does not tell us why "A-think" will prevail over "B-think" within the most powerful states, nor why it is that not all states take up the same ideas (eg A-think) to the same degree even though their relative power position might be similar. Radicals also neglect these concerns, although they do highlight the elite production and dissemination of ideas (Gill, 1990).

Contrast to the systemic views, the political economy approach, as mentioned above, looks within the state and society and posits a simple solution as to which ideas will prevail. Governments, in this view, rely on economic interest groups to stay in power (Ilchman and Uphoff, 1969). These interest groups "enter the political arena in pursuit of their interests, with major effects on political outcomes" (Frieden, 1991:7). The ideas which prevail will be the ideas of those groups with the most political power (ie. most important to the government's preservation of political power) at a particular point in time. In a modern variant on a marxian theme, if "A-think" best represents the interests of the most powerful interest groups then "A-think" ideas will prevail.

The problem with this analysis is that it assumes that interest groups are organized in stable coalitions and that such coalitions are dynamic sources of ideas which best promulgate their own interests. Recent research on policy reform does not back up such an analysis. The recent Duke Project on Political Economy of Policy Reform in Developing Countries⁽¹¹⁾

found that: "One of the most surprising findings of our case studies is the degree to which the intervention of interest groups fails to account for the initiation or lack of initiation of policy reform" (Bates & Krueger, 1993: 454). The editors of the project suggest that "in the context of comprehensive economic policy reform it is difficult for particular groups to calculate where their interest lie. Ideological struggles therefore can outweigh competition among organized interests as a determinant of policy change" (Bates & Krueger, 1993: 456). Going further, they suggest that their studies reveal not just that interest groups do not drive the policy reform process but that interest groups may in fact be unable or unwilling to act in support of policies that favor their interests (Bates & Krueger, 1993: 457).

Neglected in rational choice political economy is the role of the state in setting the agenda for the interest groups. This point is highlighted in the seminal political economy analysis of Robert Bates. Bates (1981) offers an explanation of how it is that governments get away with discriminating against farmers in predominantly rural countries in Africa. A careful reading of Bates produces a picture of politicians creating and maintaining coalitions of interests in order to ensure their political survival. Sophisticated cross-class coalitions result from government policies. For example, farmers who benefit from seemingly adverse policies by using the market defensively coalesce with urban clienteles including both business and workers created by governments' use of non-market instruments. In Bates' analysis, interest group coalitions are fluid and the state sets the broad agenda and parameters of political aspiration.

It is within options set out by the state, that interest groups organize and influence policies and their implementation. Put another way, ideas and ideologies play a critical role in defining social categories and social expectations, and, as the new institutionalists tell us, a broad range of institutions play an important role in defining such ideas and beliefs. Crucial among these institutions is the bureaucracy of the state.

What, then we might ask, affects which ideas are taken up by the state? In this case the term "state" is being used to describe the government and governing bureaucracy of a polity. The burgeoning literature about the role of ideas within state bureaucracies usefully highlights the inertia within bureaucracies and factors which prevent new ideas from being taken up by states (Evans et al, 1985; Hall, 1986; Steinmo, 1989). Work in this area also helps to define what characteristics of a government or administration lead it to be more susceptible to particular sets of ideas. Weir (1989), for example, argues that the difference in acceptance of keynesian economic ideas in the UK and the USA was partially due to differences in patterns of recruitment, patterns of administration, and the capacity of institutions to innovate.⁽¹²⁾

Summarizing the bureaucratic politics literature, four factors are highlighted which are relevant to the politics of the uptake of ideas. First, *civil service appointments* (in the upper echelons of the civil service) are either made by career-promotion or by political appointment. In a politically appointed service "A-thinking" politicians (eg monetarists) could quickly put new A-thinking bureaucrats in place, whereas in a career civil-service they might have to await a long queue of retiring civil servants. A second bureaucratic factor is *recruitment*: who is in charge of recruiting and on what basis does it proceed? Certain types of qualifications (for example, a particular type of economics degree) could well bias selection towards one set of ideas. In the third place, *the objectives of an agency and its relation to other agencies* will affect the uptake of particular ideas. This point is highlighted by Sikkink (1991) who notes that institutional structures and procedures are important in determining the absorption of a particular set of ideas. For example, Sikkink emphasizes the importance of 'convergence' between particular institutions and ideas such as between Planning Ministries and state-centred developmentalism. Sikkink also notes the importance of 'institution builders' or certain individuals with ideas who act to build up the institution. Fourth, and finally, *the pre-existing rules and ideas* in the agency are important. Goldstein (1988; 1989) has shown that state institutions adapt to new challenges and adopt new sets of ideas by layering, each layer or new institution existing to serve a particular legal mandate. Hence different and competing sets of ideas can coexist and change in different layers of government. For example, in the US, protectionist trade policies have variously reflected liberal, 'fair trade' and redistributive sets of ideas. The four factors listed are all useful in the analysis of obstacles and factors that affect whether or not particular economic ideas might come to prevail in a government. To these we might add a fifth.

Not only bureaucratic structure, but *international relations* will affect the receptivity of ideas in government. Negotiations which the various agencies enter into with other states and international institutions will have significant effects within the domestic political game (Putnam, 1988; Evans et al, 1993). The effects of international negotiations draw together all of the analyses above. The realist power-political world is the setting for negotiations. The negotiations in turn affect both societal interest-groups and the bureaucracy: international negotiations introduce new ideas and new issues to the agenda either of an interest-group or a bureaucracy (e.g. Haas, 1989) and, further, can weight the competition among different groups or agencies, bolstering the power of some and eroding that of others. Finally, of course, negotiations can affect the individuals involved in negotiation persuading them of a new set of ideas or introducing them to a new world view (Putnam and Bayne, 1987; Putnam, 1988).

In summary, we started this section with two questions: how is that economic ideas such as "A-think" or "B-think" enter the political arena?; and, what factors most influence which of A-think or B-think will prevail? Realist, radical, political economy and institutionalist approaches all tell us that economic ideas will prevail which best embody the interests (defined in a rational self-maximizing way) of: states, capitalists, interest-groups and bureaucrats. The argument, however, is a rather circular one. The "interest-based" arguments risk arguing that interests are defined on the basis of a set of preferences which are shaped by ideas which best embody interests. Such arguments do not help us to comprehend

why particular sets of ideas might be particularly attractive to a policymaker or interest group at any particular moment in time.

It is true that different sets of economic ideas promulgate and legitimate different sets of interests. However, this is not to say that ideas are no more than an embodiment of interests. Recall the point made earlier in this paper that actors redefine their interests in the face of new institutions or ideas. As the new institutionalists are now reminding us, preferences are defined not only in terms of what an actor wants but also in terms of what that actor believes, to reiterate Vanberg and Buchanan: "an actor's beliefs or theories may play a crucial role". The question we must focus on if we are to explain what types of economic ideas are likely to be "taken up" by individuals or groups is: what motivates or conditions humans (or groups) to take up particular world views?

The allure of particular economic ideas: towards a new research agenda

Humans and groups take up theories or beliefs not just because they promulgate or legitimate interests. Psychological theories tell us that particular ideas render a complex world manageable. Applied to international relations, the psychological literature describes the function of ideas variously as: a 'decision-making framework' (Snyder, Bruck and Sapin, 1954; Snyder, 1958; Snyder and Robinson, 1961), a 'cognitive map' (Axelrod, 1976), an 'operational code' (George, 1969; George, 1979), a 'stable, filter of beliefs' (Boulding, 1971), or basis for understanding, analysis and evaluation of alternatives and choices (Jervis, 1976; Lau and Dears, 1986). Humans, it is stressed, can not absorb all information, nor can they assimilate it perfectly. Rather, information is processed selectively. Humans overcome limited cognitive capabilities by using mental aids or heuristic devices.

The psychological literature does not assume that coherent sets of ideas guide all actions. Sometimes a coherent set of ideas emerges after an initial policy is undertaken: policy-makers are forced by circumstances to act first and to think later. In international relations, as Larson puts it: "Acquiring a foreign affairs philosophy is a difficult intellectual task requiring much study and reflection...the easiest and quickest way to arrive at their beliefs on foreign policy issues is to take a position first, and then decide how it should be justified"(Larson, 1985). Jervis makes a similar point, arguing that sometimes "statesmen first set their policy toward another state and then develop the image of the other that supports and would have led to such a policy"(Jervis, 1980: 90). In the realm of economic policy-making, Hood compares policies which tend to "precede their rationales" to those whose "rationale developed in advance of the policy shift" (Hood, 1994: 56).

Although coherent sets of ideas or rationales do not necessarily underpin all policies, ideas do shape

immediate action. Such ideas will often be readily available heuristic devices such as metaphors, simple schemas or analogies. Khong (1992), for example, vividly depicts the way decision-makers use analogies as simplifying sets of ideas in war. During the Vietnam War, for example, Walt Rostow relied on his understanding of the second world war to argue by analogy that the bombing of petroleum, oil and lubricants in North Vietnam in 1966 should continue. The analogy was used to override conventional analyses that showed that bombing would not work. In Larson's words: "far more influential and controlling than such abstract and theoretical constructions as ideology are concrete and simple schemas such as historical analogies, metaphors, and personae. Instead of deducing policy from a Weltanschauung, decisionmakers match current events to what is familiar, concrete, and close to home" (Larson, 1985: 326). Analogies or simple schemas, whether appropriate or not, enable decision-makers to define the problem, to evaluate the stakes, to prescribe a solution, to evaluate the chances of success, morally to adjudicate their position, and to assess the risks involved in their prescription as well as in others.

The psychological literature highlights that sophisticated theories and coherent sets of ideas often do not offer policymakers a guide to immediate action. However, once a policy is undertaken (based perhaps on some simple schema) policy-makers will adopt more coherent sets of ideas in order to explain and to justify their policies. In other words, more coherent sets of ideas or ideologies help to formulate rationalizations after a policy is chosen. (Levi, 1960). Furthermore, the psychological literature informs us, once decision-makers use particular set of ideas to explain a policy, it is likely that they will convince themselves that they acted on the basis of that particular set of ideas. (This proposition will be familiar to all who have interviewed policy-makers. With hindsight, policymakers tend to rationalize each step taken within a broader framework without recalling that at the time it was much more a case of "muddling though".) Having convinced themselves that they acted on a set of ideas, decision-makers will often then frame subsequent actions in the light of these ideas (or, as the psychologists put it: engage in "belief-consistent behaviour" in the future: Wegner and Vallacher, 1980). Hence, decision-makers, having rationalized policy, will to some extent become locked into their rationalizing set of ideas.

To summarize up to this point, psychological approaches to international relations add two important elements to our understanding as to why particular ideas might influence policy. First, simple schemas, metaphors and analogies permit generalist policymakers to make sense of a complex issue in respect of which they have to take action. Economic ideas which are likely to be attractive to policymakers are likely to have components which can be broken down into simple, intuitively appealing metaphors, analogies or propositions. A second point is that we ought to pay more attention to the ways in which economic theories are first used to explain and justify policies and subsequently come to frame policies. Psychological approaches highlight the rationalizing process which proceeds after policy is implemented and the process by which rationalizations become "locked in".

Of course, psychological perspectives do not offer a complete explanation as to why a particular set of ideas comes to prevail. To go beyond the individual decision-makers, we need better to analyze the social

and political dimensions into which ideas play. Social theory helps us to identify different ways in which particular ideas play into social and political life. Our attention is directed not just at the set of ideas as a whole but at particular ideas within the set and how they function socially and politically.⁽¹³⁾

Geertz (1964) presents a useful statement of social theory and ideology which it is worth adapting so as to derive four ways in which components of a set of economic ideas might be said to play into or embody strains in a society.⁽¹⁴⁾

Ideas, it is suggested, perform any one of the following four roles: a cathartic function; create morale; engender solidarity; and perform an advocacy function. Let us discuss each of these in turn.

In virtually any set of economic ideas, there is a cathartic component which apportions blame for lack of performance. The cathartic element of a set of ideas permits a society to "let off steam" by creating symbolic enemies. In the international political economy, symbolic enemies might be "the IMF", "multinationals", or "interventionist governments". For example, the cause of developing countries' debt problems of the 1980s is attributed by neoliberals to the borrowing countries themselves: the finger of blame is pointed at governments who had "overborrowed" and "squandered" international financial loans. By contrast, structuralists or *dependencistas*⁽¹⁵⁾

lay the blame squarely at the door of the international financial system, the IMF (as its representative), and commercial banks for the hardships endured by countries having to repay large debts. Laying blame on other actors reduces one's own responsibility for negative outcomes. Hence, in the early days of the debt crises in Latin America, the international financial community blamed Latin American governments for bad use of loans and in so doing avoided facing up to its own regulatory weaknesses. In their turn, the Latin American governments blamed the international financial community and markets and avoided looking at their own internal problems of economic management. In general, we might note the attraction to any actor of a set of ideas which apportions blame away on someone else.

Economic ideas not only apportion blame. Economic ideas also offer some vision of a better life beyond the toil and difficult circumstances of the present. Ideas create "morale". For example, some economic ideas promise a better standard of living in the longrun to be enjoyed *after* a period of difficult adjustment: this is the rationale of IMF structural adjustment programmes which justify the short-term hardships of "adjustment" by promising gains in efficiency and growth which lead to higher and more sustainable living standards in the future. *Dependencia* ideas, in contrast to neoliberal ideas, do not offer a vision of primarily material rewards. Rather *dependencia* theories hold out a vision of national autonomy and independence: a stance in foreign economic policymaking which "stands up to the North". In focusing on the end-goals of economic ideas, it becomes clear that the vision and goals promulgated by a set of economic ideas will affect their attractiveness to policymakers not just as a set of goals but as a way to engender morale and to overlook shorter-run hardship.

Ideas also function to create "solidarity": that is to say, ideas can create a sense of community and identity, playing into the human need to belong. In international political economy a classic example of ideas creating a group identity is the notion of "the South" or "the developing countries" as a group. From a neoliberal point of view it makes little sense to cast Ghana, Mexico and Indonesia into one category of countries of the world. Yet, during the late 1960s and 1970s when "Third Worldism" was at its peak, the state leaders of each of these countries embraced ideas which led to a strong identification with each other as "the South" (Mortimer, 1980). The general point about any set of economic ideas is that ideas create group identities, and such groups in turn are likely to function as political coalitions or forces. We might note that even where the political action and effectiveness of the group fails, the group identification may nevertheless persist: there are still many voices speaking of "the Third World" and "the South" in developing countries, even though the practical negotiating power of such a group has significantly declined since the 1970s.

A final function of ideas is "advocatory". That is to say, ideas advocate particular positions, calling attention to the issues they address. In economic policymaking, for example, monetarist ideas call attention to inflation and fiscal balance, putting these issues high on the government's priorities. This contrasts with the keynesian emphasis on unemployment and tolerance of inflation. Clearly, the issues addressed by a set of economic ideas and the priority accorded to those issues will affect the attractions of a set of ideas. Weir (1989) highlights both this point about the *priorities* and the relationship of one set of ideas to *other sets of ideas* at the time. So, for example, in respect of *priorities*, Weir (1989) draws our attention to the convergence of keynesianism with the high level of political concern about unemployment in the United Kingdom after the second world war. So too, we might note the convergence of the neoliberal emphasis on fiscal balance and government restraint in spending with the inability of indebted developing countries to procure foreign loans to finance deficits loans in the 1980s.

In respect of *other sets of ideas* in circulation, Weir points out that keynesianism in the United Kingdom after the second world war existed side by side with much more interventionist Labour party ideas about economic management. Next to the more interventionist ideas, keynesianism was a set of ideas associated with a "much less intrusive approach to economic regulation" (Weir, 1989: 75). At the same time, the same keynesian ideas in the United States coexisted with a more laissez-faire alternative and hence keynesianism "was conflated intellectually and politically with planning and increased government intervention"(Weir, 1989: 75). The context of the ideas very much shaped their appeal both to politicians and to the society. A more modern example of this point might be Brazil in July 1994, where the fairly heterodox (as opposed to "neoliberal" orthodoxy) economic policies of former left-wing academic Fernando Henrique Cardoso are not associated with the left, but rather more with the neoliberals and the right, because of their contrast with the policies advocated by the alternative front-running Workers Party Presidential candidate Luiz Inacio da Silva (Lula). To go back to our original point, the relationship of a set of ideas to both *political priorities* at the time and to *previous and coexisting ideas* in the political system is critical to determining the relative allure of "A-think" or "B-think".

To summarize the discussion above, we have seen that several aspects of the content and sources of ideas assist in explaining (and perhaps with future research predicting) what types of ideas are likely to be drawn into a particular arena of politics. In particular, five questions highlight the different roles ideas might play within a political community:

- (i) who do ideas blame for non-performance?
- (ii) what is the vision promised by ideas?
- (iii) what group (or groups) are created or bound together by the ideas?
- (iv) what issues do the ideas prioritize and address?
- (v) how do the ideas contrast with contemporary, competing sets of ideas.

These questions are formulated as a starting point for research into economic ideas and international relations.

How, one might ask, should a researcher set about answering these questions? Researchers might start by looking at what policymakers say and do. Here it is vital for scholars to compare "hindsight" accounts with those of policymakers at the time they took action, comparing what policymakers thought they were doing (and why) to their later descriptions and explanations of their actions. The political and international forces and pressures which affect the framing and nature of political action would be addressed here.

A next step in research would be to draw together the different components of the set of ideas being drawn upon by policymakers. Such a set of ideas would be constructed by assessing: how problems have been defined; how the stakes were evaluated; how alternative solutions were identified and weighed up; and how the solution was justified. This is not a new research idea. George set out an approach for constructing "the operational code" or belief-system of decisionmakers in 1969, suggesting both a philosophical and an instrumental set of questions to discern the different components of a set of ideas (George, 1969).

A third step in the research is to distinguish the different competing sets of economic ideas in play at any one time, paying attention to how each prioritized and responded to international, political and social exigencies of the time. On this, Weir (1989) is a good model of how such research might be conducted.

Finally, at a more general level, the research should pay attention to the "political traditions" of a society which will highlight important historical and cultural exigencies which economic ideas respond to. An

elegant example of this type of study is afforded by Hazareesingh's study of political traditions in France (Hazareesingh, 1994).

Overall, the aim of the research agenda proposed is to refocus attention on the content and functions of ideas. Such research would not replace recent attempts to develop a rigorous interest-based analysis of how it is that ideas have impact in international relations. Indeed a realist or political economist could argue that in highlighting the functions of ideas we have created the roots of a new interest-based analysis. That is to say, policy-makers adopt particular sets of ideas in order to pursue their interest in having particular social functions performed. To an extent the rationalists are right and this article does not dispute that interests play an important role in the uptake of ideas. Rather, to reiterate the argument made above, ideas and interests should not be separated so as to ignore the relationship between them. The above discussion demonstrates the way in which the analysis of ideas, unproscribed by an injunction to look solely at interests, opens up a more subtle definition of interests. An attention to ideas would complement existing research and redress the unspoken assumption that ideas are simply "discovered", or "land like meteorites from afar" in the political arena at which point they become part of processes which can be analyzed.

The questions identified in the discussion of social and psychological approaches open up clear sets of applicable questions as to why a particular set of economic ideas have either declined or increased in prevalence. First, there are *psychological and social* reasons: does the set of ideas provide simple, intuitively-graspable guidelines for immediate action?; how does it attribute blame?; does it provide an appealing vision of future benefits?; and, how effective are the group identities created? Second, there are questions as to *how one set of economic ideas relates to contemporary ideas and political circumstances and priorities*: do the ideas offer more attractive solutions to immediate problems; and how attractive are the identities and world views that any particular ideas are associated with? Finally, we ask how effectively a set of ideas *rationalizes action already taken*.

For example, if we wanted to investigate why dependency theory declined in political prevalence in Latin America in the 1980s, the following factors are signposted: the failure of dependency theory to translate into clear, simple policy guidelines; its failure to provide an attractive vision of future benefits; its attribution of blame to international agencies who, in fact, contemporaneously had to be courted in order to ensure that liquidity crises were overcome. Furthermore the political context and available alternative ideas most likely affected the demise of dependency theory: the alternative to dependency theory in the 1980s was neoliberalism. Neoliberalism offered a simple, intuitively appealing set of ideas and a vision of future competitiveness and wealth. In the neoliberal view, blame for earlier excesses was cast onto those who had not "adjusted" or could not seem to adjust: groups who were no longer (to the extent that they ever were) politically mobilized or effective, since neoliberal ideas constructed new social and political identities, simultaneously breaking down old corporatist identities. In many countries, neoliberalism contrasted dramatically with old, clientelistic political orders, and was therefore positioned in the political arena as the way towards a new, more transparent and less corrupt political order. Finally,

at a time when foreign finance was no longer available, neoliberal ideas offered a rationale for both less borrowing and stringent adjustment.

Crucially, neither "neoliberalism" nor *dependencia* can be conceived simply as a set of causal beliefs about economic policy. Both sets of economic ideas are made up of components which fulfil a range of functions. In particular, the different sets of ideas provide distinct definitions of economic problems (and attribution of blame), policy alternatives, feasible goals and "principled" justifications for policies. The uptake of either set of ideas can not be explained solely in terms of international or domestic power and interests. To do so deprives the analyst of the capacity to comprehend why "A-think" would prevail over "B-think" in a situation where each set of ideas could be said to embody similar or equal interests. Hence, the importance of research which addresses the content of a set of economic ideas and the ways in which a set of ideas fulfils social, political and psychological functions.

Conclusion

The research agenda outlined in this article is a first step towards better comprehending economic ideas and international relations. The primary concern of the article has been to demonstrate why it is necessary to go beyond the "rational neglect" of ideas and the rigid separation of ideas and interests for the purpose of analysis. The article has shown that international relations wrongly neglects not just the study of economic ideas but also the question as to how and why particular economic ideas will offer definitions of interests, problems, solutions, and future goals which will be attractive. Whilst recent work in international relations assesses the impact of ideas on policymaking, it tells us virtually nothing about what types of ideas will most likely be drawn into the arena of politics. A better understanding of the sources and content of economic ideas is to be derived from analyzing the political, social and psychological dimensions of policymaking economic ideas play into: a framework for doing this has been outlined. For international relations, this type of research is fundamental for it refines the building blocks of the discipline, deepening our understanding of the economic interests of states and other actors in international relations, and helping to explain in what directions changes in interests might tend.

Endnotes

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2. 1. The term "neoliberal" refers to economic ideas which advocate the reduction and transformation of the state, more frequent use of monetarist policy instruments, a shift in public-private relations in the direction of greater support for (and increased reliance upon) the private sector (Biersteker, 1992). Neoliberal ideas also morally justify or legitimate these changes in the name of greater efficiency, personal liberty and choice (Bauer, 1984).

3. 2. Compare, for example, "causal beliefs" and "world views" to Odell's categories "specific beliefs" and "general beliefs, theories or ideologies" (Odell, 1982).
4. 3. It is noted that Goldstein and Keohane (1993: 10-11) accept that "all three aspects of ideas may be linked", but they argue that "it is worthwhile for purposes of causal analysis" to distinguish them in this way.
5. 4. The "mainstream" approaches, to quote Goldstein and Keohane include "the most widely accepted systemic approaches to the study of international relations, realism and liberal institutionalism, [each of which] take rationalist models as their starting points". Cf other approaches such as George and Campbell (1990), Kratochwil (1989), Gill (1993), Buzan, Jones and Little (1993).
6. 5. One thoughtful realist attempt to include "ideologies" in an analysis of alliance formation is Walt (1987), chapter six.
7. 6. Other relevant rational choice approaches include those which treat the state as a rent and profit-seeking actor in its own right (Findlay and Wilson, 1987); and those which treat the state as a bureaucracy, amenable to analysis through the new economics of organization (Bendor, 1988).
8. 7. An exception to this is the chapter by Garrett and Weingast (1993) which takes on this question explicitly.
9. 8. Salant (1989:30) usefully points out the care needed in defining 'keynesianism', citing the well-known distinction between 'keynesian economics' or 'the economics of Keynes'. Salant takes a middle road suggesting that keynesian ideas are more than the theory of countercyclical fiscal policies but something less than a general critique of reliance on private market forces. Keynesianism is a theory of the desirability of government action to increase or sustain aggregate demand. Defined in this way, keynesianism obviously includes theoretical insights that were prior to and contemporaneous but independent from Keynes.
10. 9. See for the debate in social science: Lakatos and Musgrave, 1970; Deane, 1978; Blaug, 1987.
11. 10. The project researched: Brazil, Chile, Ecuador, Egypt, Ghana, Korea, Turkey, and Zambia.
12. 11. Weir (1989:60,63) compares the 'closed and hierarchical nature of the British bureaucracy, and, in particular, the central control exercised by the Treasury' is contrasted with the 'fluid, disorderly quality that allowed a variety of innovative ideas...to find their way into policy making' in the United States.
13. 12. Similar questions are addressed in a more abstract way by critical theorists in international relations (George and Campbell, 1990; Der Derian & Shapiro, 1989).
14. 13. It is worth paying attention to (and striving to overcome) Geertz's warning about the 'slackness' and 'ambiguity' of social and psychological theories when it comes to understanding consequences (Geertz, 1964: 55).
15. 14. *Dependencia* is used to refer to the view that the structure of the international economy poses an insurmountable obstacle to even and equitable development in the periphery. *Structuralists* on the other hand suggest ways in which the obstacles posed by the international economy might be overcome. For a comparison with the neoliberal approach see Ffrench-Davis (1988).