

end and the workers would overthrow the ruling elite. However if we view the creation of new markets, technologies, price-performance points, and inventions, then a capitalist inspired mode of production might endure for many centuries or even millennia.¹⁶²

STRENGTHS OF SOCIALISM

Socialism correctly identified that the core of IPE is the economic problem of the international production and distribution of material wealth and that liberals ignore this fact. Socialism drove home the point that there is a structure of labour at both the national and international level. This means that with every division of labour there is implicitly a dependency and therefore a political relationship. In a market economy the economic links between groups, classes and states becomes of critical importance in determining their welfare and their political relations.¹⁶³ Using this international division of labour as a basis, Socialists have raised three important intellectual points.

First there has to be a theory that deals with the uneven aspects of economic growth between nations: second, market-economy policy and foreign relations are inter-dependent, and third, the liberal-capitalist market economy throws up some less than desirable features that socialism could redress. The combination of these three points gave the socialist paradigm a framework in which it could explain the evolving structure of international political change and most importantly a predictive framework for state-market tension. Whereas neither liberalism nor realism has a comprehensive theory of change, socialism emphasises the role of technological and economic developments in exploring IPE dynamics.¹⁶⁴

In particular the expansive dimension of capitalism, detailed by socialism, highlights the role of technological and economic change between nations. In fact this accounts for the differing rates of economic growth and change between nation states promoting the socialist notion of conflict between capitalistic powers. Powerful trading nations will use their influence to remove barriers to trade, especially to key consumer markets to open up new markets.¹⁶⁵ These

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great trading nations will also create international laws to protect their interests and when they become unable or unwilling to enforce compliance with these international trading rules, the liberal system itself will begin to retreat and conflict and protectionism could result.¹⁶⁶

WEAKNESSES OF SOCIALISM

Socialism's emphasis on economic relations between states leads to some problems with this paradigm. First inter-state relations are composed of many non-economic factors such as security concerns and political considerations.¹⁶⁷ It is debateable whether the state market tension is best explained by subordinating political factors and concerns to economics and especially the economic determinism favoured by left wing writers, emphasising the inevitable rise of the egalitarian socialist state. An example of this would be the rate of uneven growth between nations. Shifts in the location of economic activities change the distribution of wealth and power among the states in the system. This redistribution of power will affect the ranking of power within the state system and accentuate conflict.

Economic dislocation and uneven growth drives political conflict. Socialists would declare that uneven growth spurs capitalist economies to search out new export markets and engage in imperialism. This explanation is weaker than realism. As some studies have shown¹⁶⁸, the redistribution of power in the system is wrought by economic growth changing the political balance of power in the system. With this change in the political power structure, we can expect a political response from the nation state actors. Wars are caused by the uneven growth of state power; "If wars are needed to confirm or deny such shifts the rapidity and frequency with which such shifts occur may be the reason for the frequent conflicts that serve as tests."¹⁶⁹

A second weakness with socialist economic doctrine is its focus on increasing the economic power of the nation state. Though socialism describes the class centred conflict, independent of the nation state and its ambitions, the goal of egalitarianism and ownership of the

resources of production has meant in practice the expropriation of private property and capital by the state to be redistributed in various guises to the working classes. Invariably this economic plan has led to various forms of protectionism, and state interference as the state tries to instil in the domestic society a socialistic ownership of production, as envisaged in socialist doctrine.¹⁷⁰ Inevitably capital flows out of such a system as economic agents seeking to maximize return leave to seek more liberal havens of opportunity.¹⁷¹ The result is a more or less closed economy with declining wealth producing agents and a lack of economic dynamism.

Third Socialism criticizes liberal-capitalism for its inability to reform itself: “. . . for uneven development and wretched conditions of the masses are fundamental and inevitable conditions and premises of the mode of production.”¹⁷² The undesirable features of capitalism have been eradicated by the liberal welfare state in which natural full employment is pursued as a governmental goal, and the economic welfare of the masses are guaranteed. Progressive income taxes, redistribution of income, welfare security, various public services in health and education and the usage of Keynesian economics and demand management through fiscal and monetary policy have dampened business cycle fluctuation through increased consumer demand. As well anti-trust regulations have decreased the concentration of capital. In effect the modern variant of capitalism has been the first economic system to benefit the working class and has implemented many of the desires of socialist advocates.¹⁷³

STATISM AND CONVERGING PARADIGMS

The issues of wealth and power raised by IPE theory are discussed by three main paradigms—realism, liberalism and socialism—each with its own insights. These theories address the crucial issue of state-market conflict and the control of national and international resources. Each paradigm expresses the state-market tension identifying different key actors in the IPE, the role and goal of economics and the nature of international economic and political relationships. When national economies are being integrated into a