

Is International Relations Relevant for International Money and Finance?

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Using data from the Teaching, Research & International Policy (TRIP) surveys of policymakers, scholars, and academic journals, we show that scholars and policymakers agree that international money and finance are central concerns for contemporary policy, but that international relations research on money and finance remains a small fraction of all published IR research. While these data probably underestimate the extent to which international relations scholarship focuses on topics of money and finance, they do reflect a general asymmetry between the position of IR research on money and finance and the obvious policy relevance of international security scholarship. We suggest that the paucity of policy-oriented IR research on money and finance is largely a consequence of the relative success of economics in providing policymakers with the tools they need to understand economic policy problems, but that this is exacerbated by disciplinary incentives within the IR community. Increasing the policy relevance of academic IR research on money and finance will require changes to scholarly practice, and greater effort to capitalize on the complementarity of IR and economics.

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Introduction

One of the most fundamental motivations for international relations (IR) scholarship is to contribute to policymaking. As a discipline, international relations has had a deep and lasting imprint on foreign policy, providing concepts such as Mutual Assured Destruction, Balance of Power, and the Clash of Civilizations that fundamentally affect the way that national policymakers conceive of the problems they face and how such problems might be solved. However, the policy relevance of scholarly contributions from international relations research in the areas of international money and finance are more difficult to discern. In this paper, we

provide systematic evidence that research on international money and finance contributes less policy-focused research than do other subfields of international relations. This is the case despite agreement among both policymakers and international relations scholars themselves that issues relating to international money and finance comprise some of the most important issues confronting policymakers today.

More precisely, using data from the TRIP Journal Article Database (Maliniak et al. 2011) we show that research on international money and finance remains a small minority of all published research in international relations. At the same time, we show from the TRIP Policy Maker Survey (Avey and Desch 2014) that policymakers consider various aspects of global finance—such as financial regulation to the Global Financial Crisis—to be among the most important policy issues facing the world today. We furthermore show that the overwhelming majority of IR articles focusing on international money and finance do not offer explicit policy recommendations, a trend which is especially pronounced in research on international money and finance that is explicitly “paradigmatic” in orientation.

This low level of policy relevance for international money and finance relative to other subfields in IR is striking, and demands explanation. We consider several possibilities. Perhaps there are simply no actionable policies that follow from IR research on money and finance. A related possibility is that current research practices, such as stringent adherence to positivist and statistical methodologies, prevent IR scholars of money and finance from saying anything useful about important real-world events (see e.g. Cohen 2009). Alternatively, it could be that the discipline of economics provides more suitable analytical tools to guide policymakers. Finally, it could be that IR scholars who focus on money and finance have chosen to focus on disciplinary concerns—in particular, meta-theoretical and paradigmatic debates—rather than on the kind of

middle-range theories and bounded explanations that contribute more readily to the types of questions that policymakers face. All of these factors may be at play in various ways, but we tend to find that the third and fourth explanations—the success of economics in providing the types of analytical tools that policymakers need, and the disciplinary incentives that have emerged in much current research—to provide the most compelling explanations for why IR scholarship on money and finance has proven comparatively less relevant to policymakers.

The relative paucity of policy-focused research on international money and finance in IR is a not good thing, in our view. Nor it is a natural or unavoidable consequence of the nature of the subject matter. Quite the opposite, we believe that IR research can and should contribute to contemporary policy debates, in international money and finance just as in other subfields of IR. Given the dominance of academic and professional economists in financial and monetary policymaking, however, the ways that IR research can best contribute will be necessarily different than in the cases of war, aid, or nuclear weapons proliferation. Instead of displacing economics, IR research can complement a more narrowly economic analysis of international financial and monetary policy by contributing practical knowledge about the concrete problems that policymakers face; improving policymakers' understanding of the potential political consequences of their policy options; and advising governments on how to minimize political backlash to their policies. When confronting issues of global financial regulation, or Chinese demand for U.S. debt, scholars of international relations (and of political science more generally) provide useful insights about the objective function that national governments maximize, and the constraints that they face in doing so. The quality of international monetary policy might improve if policymakers paid greater attention to the insights that IR research—and political science research more generally—provides.

An Overview of IR Research on Money and Finance: Evidence from the TRIP Database

The Importance of International Money and Finance in Theory and in Reality

Our argument about the comparative irrelevance of IR research on international monetary and financial issues relies primarily on the results of the TRIP surveys (Maliniak et al. 2011; Avey and Desch 2014). The TRIP Article Database contains a wealth of information on over 5000 IR articles published in 12 leading journals between 1980 and 2012.¹

We begin by situating research on monetary policy and international finance within the broader IR literature. In Table 1, we provide a breakdown of articles within the TRIP article database by issue area.

*** Table 1 here ***

The majority of published articles in the TRIP database focus on international security, followed international political economy (IPE). But within the category of IPE articles, money and finance remain just a small minority, representing less than 3% of total IR articles and a smaller proportion than trade, aid, and economic interdependence. Even a more generous coding of international money and finance that included some of the works currently coded as falling within the issue area of aid and lending would indicate that research on international money and finance is a relatively small fraction of IPE research.²

Have money and finance always been rare in published IR research? We can answer this question by examining how the proportion of published articles covering money and finance has changed over time. In Figure 1 we do just this, plotting a three-year rolling average of the

¹ The journals were selected on the basis of Garand and Giles' (2003) "impact rating" of journals. For more details on the TRIP Article Database, see Maliniak et al. (2011).

² For instance, between 2008 and 2012, we would consider only four of the 43 articles coded as focused on "foreign aid, lending, and debt" but not coded as "monetary policy" articles to fit into our broader view of the field of international money and finance. The four articles are Mukherjee and Singer (2010), Oatley (2010), Singer (2010), and Leblang (2010).

percentage of articles in the TRIP database covering international money and finance between 1980 and 2012.

*** Figure 1 here ***

We learn two things from Figure 1. First, the general downward trend reveals that research on money and finance is lower today than it was thirty years ago, but even in the 1980s research on money and finance occupied only a small minority of published IR articles. Relative to that, though, the tiny proportion of research on money and finance today stands in sharp relief. Second, the only real exception to this downward trend is a large spike in the early 2000s, which likely reflects an upsurge in research on money and finance following the late 1990s financial crises in Asia, Russia, and several other emerging economies. We might conclude from this spike that interest in international money and finance from IR scholars follows significant world events, but our data do not reveal any such spike following the Global Financial Crisis beginning in 2008. Of course, we cannot rule out the possibility that we would see more published research on international money and finance if we extended the dataset forward to 2014—and we are aware of several recent articles, such as Oatley et al. (2013), Nelson and Katzenstein (2014), Pepinsky (forthcoming), and Drezner (2014a)—but we are not the first to have identified a curious lack of published IR research on the Global Financial Crisis (see e.g. Nexon 2011; Winecoff 2013). Following the TRIP article database’s coding, between 2008 and 2012, only 7 of 955 IR articles—less than 1%—focused on monetary policy.

If international money and finance were unimportant policy issues, then the scarcity of published work on international finance would be unproblematic from the perspective of academic IR’s policy relevance. However, the TRIP survey of policymakers shows that policymakers find monetary issues to be some of the most pressing foreign policy issues both for

the United States and the rest of the world. When asked what is the most important foreign policy issue facing the United States today, the Global Financial Crisis received the second most mentions, after only the rising power of China. The data reveal that policymakers consider finance-related issues to be far more important than more widely discussed IPE topics like trade negotiations, international cooperation, and regional integration. Policymakers also consider finance-related issues to be more important than prominent security policy issues such as international terrorism and failed states.

The perceived importance of international monetary issues is not unique to policymakers or to the United States. Table 2 looks beyond the United States to the entire sample of *scholars* in the TRIP survey. It shows that IR scholars the world over think that money and finance are critically important policy issues facing their countries.

*** Table 2 here ***

When asked what is the most important issue facing their country, global financial regulation was the third most common response, followed closely by the global debt crisis. The decline of the dollar ranked eighth. Even though the community of IR scholars has devoted relatively little effort to the study of international monetary relations, IR scholars *themselves* believe that money and finance issues are two of the five most important policy issues facing their countries, and three of the top ten most important issues.

Money and Finance as IR Topics

Our next step in making sense of the paucity of policy-relevant research on international money and finance in contemporary IR is to describe published research in more detail. We focus on five organizing principles around which IR research is organized: epistemology, methodological orientation, materialist-ideational divide, levels of analysis, and paradigmatic

orientation. We compare money and finance articles to those about other IPE topics, security topics, and to all IR articles in the TRIP Article Database. The results appear in Table 3.

*** Table 3 here ***

We begin first by looking at the methodological and epistemological orientations of the included research. Published articles in monetary IPE are overwhelmingly positivist, significantly more so than IR as a field ($\chi^2(1) = 12.9, p < 0.001$). They are also significantly more likely to use both quantitative and qualitative methodologies. The common use of quantitative methodologies is representative of all international relations research, but articles on money and finance are significantly more likely than other IPE articles to employ *qualitative* methods as well ($\chi^2(1) = 5.7, p = 0.02$). Although only 2.9 percent of monetary IPE articles employ policy analysis, compared to 4.7 percent for IR as a whole, this difference is not statistically significant ($\chi^2(1) = 1.02, p = 0.31$).

Turning to the substantive content of published articles, we learn that the overwhelming majority of published IR articles on money and finance involve materialist explanations for their phenomena of interest. This is wholly consistent with the general patterns in non-monetary IPE, security, and indeed, IR as a whole. Where monetary issues stand out is in their reliance on ideational explanations: relative both to all IR articles and to non-monetary IPE articles, ideational explanations are significantly less common in published articles on money and finance in the TRIP database ($\chi^2(1) = 33.18, p < 0.001$ for all IR articles, $\chi^2(1) = 7.7, p = 0.01$ for non-monetary IPE articles). Published IR research on money and finance in the TRIP database is also more likely to employ second-level (i.e. domestic level) analyses ($\chi^2(1) = 32.2, p < 0.001$), and less likely to employ first-level (i.e. individual level) analyses ($\chi^2(1) = 9.6, p = 0.002$), than IR research as a whole. Finally, most published research on money and finance falls either into the

liberal paradigm or is non-paradigmatic in nature. This parallels the paradigmatic orientations of IPE research more generally, which is significantly more likely to follow a liberal paradigm than security or IR in general. But perhaps surprisingly, published articles on money and finance are much more likely to fall into the liberal paradigm than the rest of IPE research.

Broadly, the results in Table 3 show that most IR research on money and finance in the TRIP database is positivist, strictly materialist, and focused on domestic-level explanations for international monetary phenomena. As such, it tends to be liberal or non-paradigmatic in orientation.

The Policy Relevance of IR Research on Money and Finance

The final step in this analysis is to examine how frequently published articles in the TRIP database make policy prescriptions. We do this in Table 4.

*** Table 4 ***

Policy prescriptions are generally uncommon in published research in the TRIP database, appearing in about one in ten articles. But even relative to this low baseline, and even given the overall paucity of money and finance articles in the dataset, articles on money and finance are *still* less likely to make policy prescriptions ($\chi^2(1) = 3.2, p = 0.08$).

Table 5, which shows which IR journals tend to make policy recommendations, may explain why.

*** Table 5 here ***

Among IR journals in the TRIP database, *International Security* is by far the most likely to contain policy prescriptions, but it includes precisely zero articles on international money and finance between 1980 and 2012.³

Paradigmatic debates are another factor that seems to reduce the policy relevance of IR research on money and finance. Table 6 shows that 2.4% of articles on international monetary relations that advance a theoretical paradigm present clear policy prescriptions. A considerably larger proportion, 9.8%, of articles eschewing all paradigms provide policy prescriptions ($\chi^2(1) = 3.6, p = 0.06$).

*** Table 6 here ***

Although one must be cautious given the small sample size, the fact that similar patterns are found when comparing all IR articles in the TRIP database, instead of just those focused on monetary policy, makes us more confident that scholarship focused on paradigmatic debates tends to be less likely to provide clear policy prescriptions.⁴ Thus, scholars on international monetary relations (and IR more generally) seem to face a trade-off between paradigmatic debate and policy relevance.⁵ We return to this issue again in the conclusion when discussing strategies for shrinking the gap between IR theory and practice in international monetary affairs.

³ This observation gave us pause, given the prominence of one particular article (Drezner 2009) that we consider an ideal example of policy-relevant IR research on international money and finance. The TRIP article database codes this as a 1 for the variables `balanceofpower`, `economicinterdependence`, `foreignpolicy`, and `trade`. We return to this point in the next subsection.

⁴ Overall, 11% of non-paradigmatic articles and 4% of paradigmatic articles in the TRIP database provide policy prescriptions ($\chi^2(1) = 59.6, p < 0.001$).

⁵ We also investigated whether policy prescriptions are more frequent when articles on monetary relations use qualitative vs. quantitative methods or across different levels of analysis, but found limited differences in both cases. This suggests that a reduced emphasis on quantification or statistical testing is unlikely to improve the usefulness of IR scholarship on money and finance.

Criticisms and Caveats

For scholars and policymakers looking to strengthen the ties between the policy world and academic IR, the view from the TRIP article data is decidedly negative. IR research on money and finance is scarce, a bit narrow, and even more unwilling to engage with policymakers' priorities than is most of the IR scholarship that appears in the best journals. We believe that these are appropriate conclusions, but before moving on, it is worth considering three important caveats to what we have learned from the TRIP article data.

The first reaction that many scholars of international money and finance will have to this survey of published IR research is that the dataset omits the journals where research on monetary affairs is published. Even though the TRIP database includes a number of "security" journals, including *Journal of Peace Research*, *Security Studies*, *International Security*, and *Journal of Conflict Resolution*, it includes no dedicated "IPE" journal. The closest is *International Organization*, which is today more of a generalist journal (although Table 5 does show that the plurality of IR articles on money and finance that do appear in the TRIP database come from *International Organization*). The most notable omission is the *Review of International Political Economy*. This is unfortunate given that its ISI Impact Factor (1.661 in 2012) already well exceeds that of *Security Studies* (0.739 in 2012).⁶ Other subfield journals where IR research on money and finance may be more likely to appear include *Journal of Common Market Studies*, *Global Governance*, and *Review of International Organizations*, as well as generalist international studies journals such as *Review of International Studies* and *International Affairs*. Research on international monetary issues also appears in journals focused on the subfield of

⁶ The TRIP Article Database selected journals for inclusion based upon their impact ranking in Garand and Giles (2003). *RIPE* fell just below the threshold in Garand and Giles' (2003) study: it was ranked 76, just below *European Journal of International Relations* in 75th place, and not far behind *Security Studies*, which ranked 67.

Comparative Politics, such as *Comparative Political Studies*, and in political economy journals like *Economics and Politics* and *New Political Economy*.

Just how prominent is research on money in these other journals? While a full census from 1980 to 2012 is beyond the scope of this essay, in Table 7 we list the articles that cover some aspect of international money and finance from the year 2012 in *Review of International Political Economy (RIPE)*, *Review of International Studies (RIS)*, and *New Political Economy (NPE)*.

*** Table 7 here ***

RIPE publishes a great deal of research on international money and finance. 2012 happens to be a year in which *RIPE* dedicated an entire issue to the global financial crisis and financial regulation, but this is in fact the point of choosing 2012 as an illustrative year—*RIPE* is the journal in which such an issue can appear. Although monetary politics do not feature as prominently in *NPE*, that journal featured seven articles related to international money and finance in 2012. *RIS* devotes much less space to monetary and financial topics. This implies that an exclusive focus on the TRIP database may understate the total amount of IR research on international finance, though incorporating these additional journals is not likely to substantially alter the relative prominence of this subfield. In addition, compared to the articles in the TRIP database, published articles in *RIPE*, *RIS*, and *NPE* are less likely to be positivist, less likely to focus on second level arguments or to be based on a liberal paradigm, and are more likely to invoke ideational explanations.⁷ This gives some credence to the view that IR research appearing

⁷ Several contributors in the 2009 special issue of *RIPE* on the “American school of IPE” noted what Kathleen McNamara called an “intellectual monoculture” of liberalism, positivism, and quantitative methods. In the case of money and finance, the TRIP data do not reveal such a strong connection between liberalism and positivism, on the one hand, and a preference for quantitative over qualitative methods, on the other.

in mainstream political science and international relations journals is not broadly representative of scholarship in the field.

A second necessary caveat to the TRIP data is that it omits books. There is undoubtedly a great deal of prominent research by IR scholars working on money and finance that is appearing in books (see, for example, the titles in the Cornell University Press series *Cornell Studies in Money*, edited by Eric Helleiner and Jonathan Kirshner). As with journals like *RIPE*, taking into account the research that appears in books would make IR research on money and finance more visible in an absolute sense. But it is not clear if the same would hold in a relative sense, by which we mean that the number of books addressing non-monetary IR issues is probably large as well.

Excluding books also may affect our understanding of what most IR research on money and finance looks like, just as excluding publications from journals like *RIPE*, *NPE*, and *RIS* has. The distinctively positivist, materialist, second-level analysis of money and finance that is characteristic of the TRIP articles can be found in a number of books (e.g. Frieden 1991; Simmons 1994; Bearce 2007; Singer 2007; Pepinsky 2009; Walter 2013; Steinberg forthcoming), but we would also find more examples of realist and/or systemic analyses (e.g. Helleiner 1994; Kirshner 1995; Cohen 1998; Andrews 2006; Gray 2013) as well greater attention to ideas (e.g. McNamara 1999; Seabrooke 2006; Chwieroth 2010). There is no doubt that books rather than articles have been where IR scholarship has addressed the global financial crisis in most detail (e.g. Chinn and Frieden 2011; Bermeo and Pontusson 2012; Kahler and Lake 2013; McCarty et al. 2013; Drezner 2014b; Gallagher 2014; Helleiner 2014; Kirshner 2014). Our best guess is that, on balance, including books would modestly reduce the dominance of liberal and positivist IR research on money and finance that we see in the TRIP article data, but this is only a

guess. Including books or these additional journals, though, is unlikely to alter our conclusion that IR research on money and finance offers few clear policy prescriptions.

A final caveat is that it may be particularly difficult for projects such as the TRIP article survey to detect scholarship on money and finance and code it appropriately. This type of coding exercise is inherently difficult, and measurement error is inevitable. It is especially challenging to code articles about monetary policy because the international politics of money is so often bound up in broader discussions of power, foreign policy, and interdependence, and as a result, this issue-area may be subject to larger-than-average measurement error. The example of Drezner (2009)—coded as being about economic interdependence, trade, foreign policy, and the balance of power even though its central concern is Chinese purchases of U.S. treasuries—neatly illustrates this point. Another example is Kirshner (2014), a book about the effects of the global financial crisis on U.S. power. Is this about money, or is it about U.S. grand strategy and foreign policy? Altogether, despite the TRIP article database’s generous coding rules for topic area, such examples suggest that the existing data may understate the prevalence of IR research on money and finance. As a result, the mismatch between scholars’ beliefs about the importance of money and finance and its prevalence in published research may not be quite as dire as it appears in Table 1 and Table 4.

These three caveats notwithstanding, we emphasize that broadly speaking, the TRIP article data accords with our perceptions of the state of research on money in IR. International relations scholarship on money and finance is less prominent than its perceived importance among both scholars and policymakers would suggest. Moreover, even though academic IR is generally not very receptive to offering policy prescriptions, IR scholarship on money and

finance is a particular offender. In the next section we entertain some reasons why this might be the case.

Policy Relevance: Individuals and Ideas

Our analysis thus far has shown that published IR research on money and finance is relatively rare, and that policy recommendations rarely follow in such research. We turn now to a more speculative discussion of how IR research on money and finance might become more relevant. We are motivated by the experiences of those IR scholars whose research and policy work has put them at the center of the policymaking community.⁸

There are many, many examples of IR scholars of international relations whose academic expertise has translated into high-level policy positions in national governments, or influential positions in international organizations. A hopelessly incomplete list includes Robert Cox, Michael Doyle, Peter Feaver, Henry Kissinger, Harold Koh, Stephen Krasner, Hans Morgenthau, Joseph Nye, Condoleeza Rice, John Ruggie, and Anne Marie Slaughter, among many others. Others have had primarily academic careers but nevertheless have played important roles as consultants and “thought leaders.” These include scholars such as Samuel Huntington, Robert Jervis, Kathryn Sikkink, John Mearsheimer, Thomas Schelling, Stephen Walt, and Kenneth Waltz, again among many others.

When we ask ourselves who would be the closest analogue to these IR scholars on topics related to money and finance, few names spring to mind. The closest example at present is probably Daniel Drezner, whose recent scholarship has focused on money and finance (see

⁸ We focus here primarily on the United States, as it is the case with which we are most familiar.

Drezner 2009, 2014a, 2014b).⁹ One revealing piece of information would be to see how many members of the Council on Foreign Relations have an academic background in international relations, and of those, what percentage specialize even partially in international money and finance.¹⁰ Our guess is that the Council on Foreign Relations counts as members many specialists on international money and finance, and many scholars of IR from academic backgrounds, but that these are almost completely non-overlapping sets.

In truth, most of the policymakers with academic backgrounds who hold prominent positions on international monetary relations are trained as economists. It is for this reason that a well-known strategy to document the rise of neoliberal economic ideas is simply to count the number of U.S-trained economists who serve as central bank governors or finance ministers (Chwieroth 2007; Nelson 2014). The United States is rather unique in this regard, with all Treasury Secretaries in recent years having backgrounds as bankers or lawyers. But we can look to the position of Under Secretary of the Treasury for International Affairs to see evidence of academics in high-ranking positions in international monetary affairs, and without exception those academics hold economics degrees.¹¹ Of course, the Board of Governors of the Federal Reserve draws heavily on academic economists, most of whom hold advanced degrees in economics and are currently or formerly employed in economics departments. In fact, Fligstein et al. (2014) argue that most top officials in the Federal Reserve, due to their training in macroeconomics, conceive of their professional responsibility narrowly, focusing exclusively on

⁹ It is perhaps not a coincidence that Drezner, unlike most other leading scholars of international monetary relations, has also written on a wide range of other IPE topics; his books cover issues ranging from economic sanctions (Drezner 1999) to trade policy (Drezner 2006)—not to mention zombies too (Drezner 2011)!

¹⁰ A membership list is publicly available (Council on Foreign Relations 2014), but there is no clear way to identify members' backgrounds or areas of expertise.

¹¹ Recent examples include Lael Brainard (2010-2013), formerly a professor at the Sloan School of Management at MIT; John B. Taylor (2001-2005), a professor of economics at Stanford; and Lawrence Summers (1993-1995), a professor of economics at Harvard. Brainard and Summers hold Ph.D.'s in economics from Harvard, and Taylor holds a Ph.D. in economics from Stanford. David H. McCormick (2007-2009) holds a Ph.D. from the Woodrow Wilson School at Princeton, but does not come from an academic background.

macroeconomic issues such as inflation. This, they argue, prevented top officials from recognizing and responding to the growing financial risks prior to the 2007 crisis.

Beyond the role of key individuals, IR theory—especially as it pertains to grand strategy and national security—remains influential among policymakers. This impression is supported by the data in the TRIP Policy Maker Survey (Avey and Desch 2014), which asked policymakers about their familiarity with several important theoretical insights drawn from IR scholarship (see Table 8).

*** Table 8 here ***

Table 8 demonstrates two things. First, it shows that a substantial number of policymakers included in their survey are familiar with prominent theoretical insights derived from IR scholarship. Second, it reveals something about IR scholarship on money and finance (and international political economy more generally) by *what it does not ask*. None of the items covers international political economy, much less any theoretical or conceptual insights drawn from IR scholarship on money and finance.

This is not a criticism of the TRIP Policy Maker Survey, for we ourselves cannot think of such a policy-relevant theoretical insight on money and finance from IR either. What we are looking for is something like Mutual Assured Destruction or population-centered counterinsurgency, a framework that emerges from a literature in IR and that fundamentally orients how policy makers conceptualize their own policy choices or make recommendations for policy action. Note that we are *not* arguing that there is a dearth of important or theoretically sophisticated research in IR scholarship on money and finance (in addition to the many works cited above, we might add Cohen 1977 and Strange 1988). We are simply arguing that whatever

the merits of this research, it has not generated a body of research that fundamentally shapes the way that policymakers think and act.

Again, academic economics has a much more influential role in shaping the policy agenda. We can use the academic and policy debate over monetary integration in Europe to illustrate. This is a debate in which academic research has played a very large role, dating at least to Mundell's (1961) "A Theory of Optimum Currency Areas." Politics, of course, also shaped decisions regarding European monetary integration (see e.g., Eichengreen and Frieden 2000), but economic theories were utilized extensively to justify policy positions for or against the Euro. By contrast, to our knowledge, theories of international monetary relations drawn from the discipline of IR had little, if any, impact on policy debates over joining the Euro. In addition, since the onset of the Global Financial Crisis reignited debates about the costs and benefits of European monetary integration, economists such as Paul Krugman, Barry Eichengreen, and Paul de Grauwe have dominated the public discussion. Our sense is that this is also true "behind closed doors," as policy choices are debated within governance and international institutions. Much the same was true in the late 1990s during the Asian Financial Crisis. Scholars of politics and international relations were eager to join many others in lambasting the IMF for what they perceived to be inappropriate adjustment strategies, but the anti-IMF policy prescriptions that actually had traction among national governments came from economists such as Paul Krugman and Steve Hanke.¹²

¹² Hanke, a long-time advocate of currency boards, played a prominent role advising the Indonesian government during the early months of 1998. Several months later, Krugman suggested that crisis-afflicted countries might temporarily close their capital accounts in order to stabilize currencies while lowering domestic interest rates, and was honored a year later by Malaysia's government, which had done just that. See Pepinsky (2008).

Conclusion: Strengthening the Links Between IR Scholars and Monetary Policymakers

Economic theory provides many useful insights about the conduct of international monetary and financial policy, but economists are not the only scholars able to guide monetary policymakers, and international relations scholarship has much to offer. Policymakers have increasingly recognized that a country's vulnerability to financial crises depends as much on a nation's politics as on its economics. For example, in his recent book on the global financial crisis, Raghuram Rajan, an economist and the current central bank governor of India, points out that "good economics cannot be divorced from good politics" (Rajan, 2010: 19). Similarly, economist and former IMF chief economist, Simon Johnson, observes that "[f]inancial crises, at least in emerging markets, have political roots" (Johnson and Kwak, 2010: 48). There is clearly a need for sophisticated understandings of how politics shapes international monetary and financial policy—a need recognized by many policymakers and economists. This is an area where scholars of IR have a strong comparative advantage over economists, and are capable of providing policy-relevant insights.¹³

How, exactly, can IR scholars contribute to international monetary and financial policy? Displacing economists is neither likely nor desirable. Economists have a comparative advantage in determining what international financial policies are feasible and optimal, and will always be needed to help governments make informed decisions about international monetary policy. However, as noted earlier, IR scholars have produced a wealth of knowledge about the political sources of international financial policy, including why international monetary cooperation is

¹³ To be sure, some economists have conducted high-quality research on the political economy of international monetary relations. Richard Cooper's (1975) classic article in *International Organization* and Mian et al. (2010) are two examples among many. However, since political economy issues are often not the main focus of economists' research, their discussions of politics naturally tend to be more crude and speculative than those proposed by leading political scientists. To give just one example, the recent book by political scientists McCarty et al. (2013) provides a much more sophisticated and nuanced theory of US financial politics, and presents more rigorous empirical analyses, than does Johnson and Kwak's (2010) book on the same topic.

often so difficult to achieve (for an overview, see Frieden and Broz 2013). A sensible division of labor would be for economists to help governments choose which international monetary policies to adopt, and for IR scholars to advise those governments on how to achieve these policy objectives. In other words, IR scholars have a supplementary—but important—role to play by guiding governments on how to minimize political opposition (either at home and abroad) to appropriate financial policies, and how to avoid being pushed into making disastrous international monetary choices.

As an example of how IR scholars might be of use to monetary policymakers, consider the crucial issue of international financial crises. IR scholars have found that national political institutions strongly influence countries' susceptibility to financial crises. To give one example, IR research has documented that decentralized political systems tend to be more vulnerable to currency crises (Leblang and Satyanath 2008; Chiu and Willett 2009). One straightforward policy implication might be that governments should become more centralized, though we doubt that policymakers are likely to alter their political system for this reason alone, nor should they. However, IR scholars might use this type of knowledge to help policymakers guard against the specific types of financial risks that are most acute in the political systems they inhabit. Perhaps, for instance, political scientists may help design particular bureaucratic structures that would allow decision-makers in more decentralized political systems to quickly respond to a financial crisis and overcome some of the political constraints that they face. Or take the case of international debt, where IR scholars have found that centralization has costs: centralized political systems default on their debts more often and receive worse treatment from international lenders as a result (Saiegh 2009; Breen and McMenamin 2013; Beaulieu et al. 2012). Armed with a strong understanding of how domestic political structures (among other

factors) influence international debt, IR scholars should have useful advice for policymakers seeking to convince international lenders that they are committed to repaying their international creditors. This type of information might have proved tremendously useful for policymakers in Italy, Portugal, and Spain in 2009, when investors began to doubt their willingness to honor their debt obligations.

The rise of China (and other great powers) provides another example of why IR scholars have indispensable insights that might help policymakers. If Western governments want to understand how China's rise will influence that country's international monetary policies, and in turn impact the global financial system, it is essential to understand the goals of Chinese political decision-makers—that is, to understand the *politics* of China's international monetary relations (Helleiner and Kirshner 2014). This is an issue that scholars of international and comparative politics are best equipped to analyze. To illustrate the potential benefits of IR insights, consider the example of the conflict between the US and China over the “undervaluation” of the Chinese renminbi. Since 2003, the US government has been pressuring China to revalue its exchange rate, but the evidence suggests that American efforts have either had no impact on Chinese exchange rate policy (Liu and Pauwels 2012) or have reduced China's willingness to revalue (Ramirez 2013). IR scholars with a strong understanding of Chinese politics do not find this surprising. As Foot and Walter (2011: 119) point out in their book on US-China relations, “public demands from the United States...make it more rather than less difficult for China's government to fall into line, lest it be seen by domestic nationalists as overly deferential to foreigners.” In short, the US government has adopted counterproductive tactics for encouraging China to act more responsibly in international monetary affairs. One reason for this is that Treasury officials, and the economists that advise them, are not experts on international politics.

The US government may have greater success in its monetary relations with China in the future if it consults with academics with knowledge of how politics shapes Chinese foreign policy.

The rise of China and the politics of international financial crises are but two examples of issue areas in which IR scholarship can contribute readily to policymaking. But beyond these highly visible issue areas, established findings from IR scholarship on money and finance can help policymakers to better understand the political dynamics that affect international finance.

Among others, consider the following:

- Democratic governments are more likely than non-democratic governments to pursue flexible exchange rate regimes (Broz 2002; Bearce and Hallerberg 2011).
- Central bank independence only reduces inflation in democracies or in countries with multiple veto players (Broz 2002; Keefer and Stasavage 2003).
- Exchange rate devaluations are more likely following elections (Frieden et al. 2001; Leblang 2003; Leblang and Satyanath 2006).
- Presidential democracies default on foreign debt more often than parliamentary democracies (Saiegh 2009; Van Rijckeghem and Weder 2009; Kohlscheen 2010).
- The IMF provides more favorable treatment to geopolitical allies of the United States than to other types of governments (Thacker 1999; Stone 2004).

Each of these findings can be used to guide financial policy. For example, policymakers tasked with anticipating sovereign default, exchange rate devaluation, and inflation in other countries must be attentive to these countries' political institutions. Likewise, international institutions might turn into more impartial and effective governors of the global financial system if they were better aware of their institutions' prior biases.

To be clear, the potential role that we envision IR scholars playing with respect to money and finance, though much greater than their current role, is a lesser one than they can and do play in many other issue areas. When it comes to issues like nuclear proliferation, counterinsurgency, military alliances, and other security-related policies, scholars of IR have a near-monopoly on useful academic advice (although legal scholars, anthropologists, and other social scientists may be of use for some issues). The fit between IR theories and concepts and the problems that

international security policymakers face is natural. To use an analogy, policymakers should listen to IR scholars about whether to invade a country or give rebels foreign assistance, but IR scholars are not the first ones that governments should consult regarding decisions about whether or not to liberalize cross-border financial flows or to fix the exchange rate. However, just as policymakers should consult security scholars on the best way to proceed *after* deciding on, say, invading Iraq, policymakers will benefit from availing themselves of the expertise of IR scholars when seeking to enhance the credibility of their commitment to the fixed exchange rate regime that they have adopted. IR scholars, in other words, should advise governments on how to achieve their policy goals, but economists—not political scientists—are the ones best placed to help policymakers decide which international financial policies are most appropriate given a particular objective function and set of constraints.

There are several examples of IR scholars who are in positions to provide such expertise. Even if few IR scholars that have played a direct role in making monetary policy, some have become increasingly prominent public intellectuals who are participating in public debates over international monetary and financial policy. Jeffrey Frieden, for example, has written two mass-market books on international finance that draw on the insights of IR scholarship (Frieden 2006; Chinn and Frieden 2011). Frieden has also contributed articles on this topic to venues that are widely read by the policy community, including *Foreign Policy Magazine*, *The New York Times*, and voxeu.org. Another leading IR scholar of money and finance, David Leblang, has served as a consultant to the IMF and the Directorate of Finance and Economics of the European Commission. Leblang, along with the Miller Center at University of Virginia where he is a faculty associate and endowed chair, has also organized conferences featuring top monetary policymakers. For example, a 2010 conference directed by Leblang, titled “Banking on Central

Banks,” was attended by Toshihiko Fukui, Japan’s former central bank governor; Jean-Claude Trichet, the President of the European Central Bank; Christina Romer, a former chair of the President’s Council on Economic Advisors; Paul Volcker, a former Federal Reserve chairman; Zhou Xiaochuan, the government of China’s central bank; and other top financial policymakers. While these accomplishments of IR scholars are notable and impressive, we see this progress as only a first step in a long process of increasing political scientists’ impact on international monetary policy.

Narrowing the gap between IR theory and policy in the area of money and finance will not be easy. In order for this to occur, two things must change: the policy community must have some “demand” for political science insights; and IR scholars must do more to “supply” policy relevant insights. We have already given some reasons why policymakers could benefit from IR scholarship—in other words, why they should seek the advice and input of IR scholars. But IR scholars must do a better job too. Compared to other IR topics, money and finance remain understudied in the discipline’s most prominent outlets, and what research does exist pays little attention to developing policy prescriptions that can be of use to policymakers. Those journals—such *International Security*—that do publish policy-relevant scholarship only rarely include research on money and finance. Increasing the prominence and the policy relevance of IR research on money and finance should, in turn, help to convince policymakers of the utility of IR research on financial policymaking—a greater supply of IR research on money and finance would itself create a greater demand for IR research on money and finance. These steps should help improve the quality and usefulness of IR scholarship, and may even ultimately lead to better policy.

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Table 1: IR Articles by Issue Area

Issue Area	Percent of Articles on Topic
<i>Security</i>	51.7
<i>Non-Monetary IPE</i>	23.9
<i>Monetary Policy</i>	2.6
<i>Other IPE Topics</i>	
Trade	9.9
Regional Integration	3.5
Migration	1.3
Economic Interdependence	8.0
Foreign Aid and Lending	3.6
Development	6.9
<i>Other Non-IPE Topics (selected)</i>	
Foreign Policy	19.2
Ethnicity and Religion	2.7
Environment	2.3
Domestic Politics	30.2
Diplomacy	4.7

This table shows the percentage of articles falling into each issue area in the TRIP Article Database. The “Security” entry includes the following variables from TRIP: alliances, balanceofpower, bargainingdeterrencestrategy, interstatecrisis, interstatewar, intrastateconflict, terrorism, weaponsystems, and wmdproliferation. The “Non-Monetary IPE” entry includes the variables migration, trade, regionalintegration, economicinterdependence, foreignaid, and development. Individual articles may be coded as covering more than one topic.

Table 2: Foreign Policy Priorities

Foreign Policy Issue	Percent of Responses
Global climate change	24.18
Rising power of China	22.04
<i>Global financial regulation</i>	<i>11.57</i>
Conflict in the Middle East	10.90
<i>Global debt crisis</i>	<i>10.87</i>
Global poverty	9.83
Global reliance on oil	8.79
<i>Decline of the U.S. dollar as a reserve currency</i>	<i>8.59</i>
Failed states	6.07
Resource scarcity	5.93
WMD proliferation	5.81
Cyber-security	5.81
Arab spring	5.18
<i>Collapse of the Euro</i>	<i>5.12</i>
International terrorism	4.94
Regional Integration	4.22
Persistence of the U.S. trade deficit	3.58
International organized crime	3.21
Ethnic conflict	3.04
Immigration	2.86
Global population growth	2.54
Other	2.25
Collapse of the Doha Round of trade negotiations	2.20
Russian Resurgence	1.71
Reform of United Nations	1.47
Epidemic disease	1.47
War in Afghanistan	1.27
Rogue states	0.69
War in Iraq	0.36

This table shows the percentage of IR scholars included in the 2011 TRIP Faculty Survey reporting that each is one of the three most important foreign policy issues facing his or her country today. Money and finance-related issues are in italics.

Table 3: Five Organizing Principles in IR Research

	Subfield			
	<i>Monetary IPE</i>	<i>Other IPE</i>	<i>Security</i>	<i>All IR</i>
<i>Epistemology</i>				
Positivist	92.8	88.3	82.5	80.9
<i>Methodology</i>				
Quantitative	46.4	46.8	34.0	36.2
Qualitative	47.1	37.9	31.8	34.0
Formal modeling	13.8	10.2	15.5	11.4
Counterfactual	1.4	0.5	0.7	0.5
Analytic non-formal	4.3	9.0	12.3	14.3
Descriptive	8.0	7.0	11.3	10.1
Experimental	0	1.0	4.4	3.3
Policy analysis	2.9	2.5	6.6	4.7
<i>Ideas-vs-Interests</i>				
Material	97.8	97.8	96.2	97.8
Ideational	18.8	29.5	37.4	42.8
<i>Level of Analysis</i>				
Third	69.6	73.2	70.8	61.6
Second	87.7	77.1	59.1	65.0
First	4.3	6.3	13.5	13.1
None	0.7	1.1	5.6	6.2
<i>Paradigm</i>				
Atheoretic/None	2.9	5.7	15.9	12.6
Constructivist	5.1	5.3	5.4	7.5
Liberal	55.1	35.9	15.4	18.8
Marxist	0.7	5.1	0.6	1.7
Non-paradigmatic	34.1	44.0	49.7	51.7
Realist	2.2	4.0	13.2	7.8

Each entry contains the percentage of articles in the TRIP Article Database that are coded as falling into each category. “Other IPE” and “Security” were determined as in Table 1. Columns do not sum to 100% within groups because many articles use multiple methods, utilize more than one level of analysis, paradigm, etc.

Table 4: Policy Prescriptions by Subfield

	Subfield			
	<i>Monetary IPE</i>	<i>Other IPE</i>	<i>Security</i>	<i>All IR</i>
Yes	5.1	6.2	12.5	9.4
No	94.9	93.8	87.5	90.6

Each entry contains the percentage of articles in the TRIP Article Database that are coded offering policy prescriptions. “Other IPE” and “Security” were determined as in Table 1.

Table 5: Policy Recommendations, by Journal

	Monetary Policy	All IR
AJPS	0 (n = 9)	1.1 (n = 179)
APSR	0 (n = 8)	3.5 (n = 200)
BJPS	16.7 (n = 6)	5.0 (n = 121)
EJIR	0 (n = 4)	0.7 (n = 277)
IO	7.7 (n = 65)	6.7 (n = 661)
IS	No obs.	34.6 (n = 659)
ISQ	5.6 (n = 18)	3.5 (n = 749)
JCR	0 (n = 2)	5.9 (n = 695)
JOP	0 (n = 1)	2.1 (n = 143)
JPR	No obs.	8.7 (n = 770)
SS	0 (n = 1)	14.4 (n = 375)
WP	0 (n = 24)	4.4 (n = 477)
All Journals	5.1 (n = 138)	9.4 (n = 5306)

Each entry contains the percentage of articles in the TRIP Article Database that are coded offering policy prescriptions, broken down by journal.

Table 6: Relationship Between Paradigmatic Scholarship and Policy Relevance

Policy Prescription	Paradigmatic	
	<i>Yes</i>	<i>No</i>
<i>Yes</i>	2 (2.4%)	5 (9.8%)
<i>No</i>	82 (97.6%)	46 (90.2%)
<i>Total</i>	84 (100%)	51 (100%)

Cell entries contain the number and percentage of articles in that column that present policy prescriptions. Articles are coded as paradigmatic if they advance any paradigm and are otherwise considered non-paradigmatic.

Table 7: Money and Finance in Three Journals (2012)

Review of International Political Economy

Waltraud Schelkle, Good governance in crisis or a good crisis for governance? A comparison of the EU and the US
Stefanie Walter and Thomas D. Willett “Delaying the inevitable: A political economy approach to currency defenses and depreciation”
Daniel Maman and Zeev Rosenhek, “Mobilizing globalization in local political fields: The strengthening of the central bank in Israel”
Minh Ly, “Special drawing rights, the dollar, and the institutionalist approach to reserve currency status”
Tim DiMuzio, “Capitalizing a future unsustainable: Finance, energy and the fate of market civilization”
Ben Clift and Jim Tomlinson, “When rules started to rule: the IMF, neo-liberal economic ideas and economic policy change in Britain”
Randall Germain, “Governing global finance and banking”
Aaron Major, “Neoliberalism and the new international financial architecture”
Nicolas Jabko and Elsa Massoc, “French capitalism under stress: How Nicolas Sarkozy rescued the banks”
Injoo Sohn, “Toward normative fragmentation: An East Asian financial architecture in the post-global crisis world”
Ranjit Lall, “From failure to failure: The politics of international banking regulation
William Vlcek, “Power and the practice of security to govern global finance”
Kevin L. Young, “Transnational regulatory capture? An empirical examination of the transnational lobbying of the Basel Committee on Banking Supervision”
Benjamin J. Cohen, “The future of the euro: Let's get real”
Herman Schwartz, “Euro-crisis, American lessons?”
Andrea Pechova, “Legitimising discourses in the framework of European integration: The politics of Euro adoption in the Czech Republic and Slovakia”

Review of International Studies

Oliver Kessler, “Sleeping with the enemy? On Hayek, constructivist thought, and the current economic crisis”
Yong Wook Less, “Synthesis and reformulation of foreign policy change: Japan and East Asian financial regionalism”

New Political Economy

Manuela Moschella, “Seeing like the IMF on capital account liberalisation”
Kevin Ozgercin, “Seeing like the BIS on capital rules: Institutionalising self-regulation in global Finance”
Daniel McDowell, “The US as ‘sovereign international last-resort lender’: The Fed’s currency swap programme during the Great Panic of 2007-09”
Brett Christophers, “Anaemic geographies of financialisation”
Benjamin J. Cohen, “The Yuan tomorrow? Evaluating China’s currency internationalization strategy”
Helen Thompson, The limits of blaming neo-liberalism: Fannie Mae and Freddie Mac, the American state, and the financial crisis”
Lucia Quaglia, “The ‘old’ and ‘new’ politics of financial services regulation in the European Union”
Manuela Moschella, “Seeing like the IMF on capital account liberalisation”

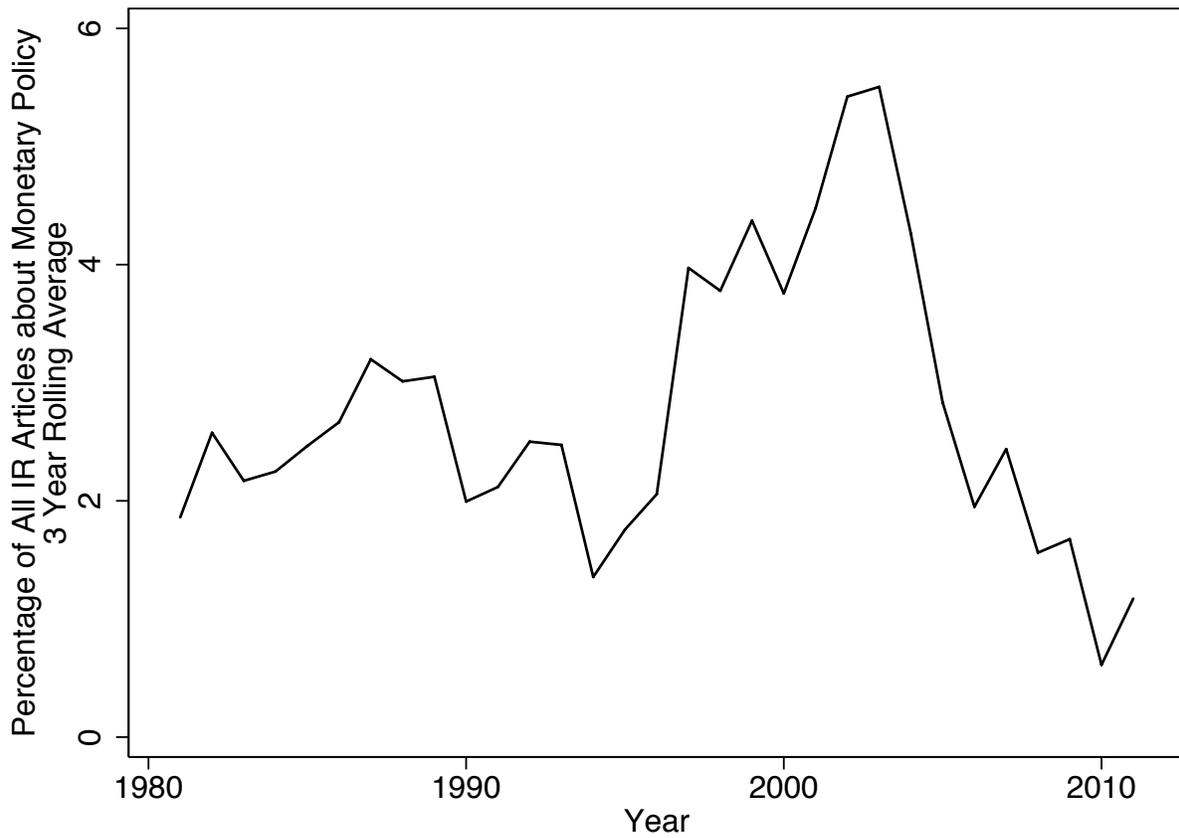
This table lists articles in the 2012 volumes of *Review of International Political Economy*, *Review of International Studies*, and *New Political Economy* that cover monetary or financial issues in some way (as coded by the authors).

Table 8: Policymaker Knowledge of IR Theory

	No	Yes	Number of Respondents
Clash of Civilizations	10.3	89.7	234
Democratic Peace Theory	43.8	56.3	224
Mutual Assured Destruction	0.9	99.1	222
Population Centric Counterinsurgency	29.7	70.3	222
Structural Realism	31.1	68.9	222
Expected Utility Theory	79.1	20.9	220

This figure shows the percentage of policymakers included in the TRIP Policy Maker Survey who reported being aware of each IR concept or theory.

Figure 1: Money Articles over Time



This figure shows the three-year rolling average of percentage of published articles in the TRIP Article Database that are coded as covering monetary policy.