

Book review

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INTRODUCTION TO INTERNATIONAL POLITICAL ECONOMY

Balaam, D. N., & Veseth, M. (Eds.). (2008). New Jersey, NJ: Pearson Education, Inc.
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In the book titled *Introduction to International Political Economy* (IPE), edited by Balaam, D. N. and Veseth, M. a group of authors analyze a number of complex issues of international and global economies in a comprehensive way. The book is structured into five parts representing a completed entity both from the theoretical point and the practical one.

In the first part of the book, titled *Perspectives on IPE* (Chapters 1-5), Balaam, D. N. and Veseth, M. present the key conceptual elements of IPE. An emphasis is put on the theoretical concepts necessary for the analysis and understanding of the issues and problems within IPE, such as: mercantilism, liberalism, and structuralism. These approaches have enabled the authors to discuss possible regularities of the formation and development of complex economic phenomena studied by IPE. Various actors are in the focus (individuals, classes, states) and their relationship to the market, different economic activities and the alternative structures of society. Therefore, different values are emphasized, such as the power and wealth of nations, economic freedom, so as to be able to formulate a unique position on the possibilities of solving problems caused by socio-economic and political crises.

The subject matter of the study in the second part of the book, titled *IPE Structures: Production, Finance, Security, and Knowledge* (Chapters 6-10, Balaam, D. N., Veseth, M., Singleton, R.), are the agreements, treaties, institutions and other relations that connect people in different ways. It points out that international trade presents the central theme to be discussed in IPE. The growth of international trade is a reflection of the increasing globalization and liberalizing movement of goods, services, labor and capital. By linking countries with each other, trade affects the formation of significant economic, political and social interdependence. However, this process results in forming tensions and conflicts between countries. Namely, for the majority of countries, trade represents the way of generating revenue, opening new jobs and increasing the appropriation of profits, until then for developing countries trade, often, a critical component of their development plans, primarily because of low competitiveness. According to that the states are forced, more than ever, to regulate trade, in order to limit and increase the benefits.

In the third part of the book, titled *State-Market Tensions Today* (Chapters 11-14, Balaam, D. N., Veseth, M., O'Neil, P. H., Dillman, B.), issues deemed to be relevant for developing countries are discussed. In this part, the fundamental problems existing between economy and politics, which appear in the integration process,

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are indicated. Based on the analysis of the key issues of the European Union, Balaam, D. N. and Veseth, M. point out that regionalism is one of the most important political and economic trends. There is a more powerful regional economic integration, which leads to the rise of regional trading blocs. It is indicative of the fact that economic integration is an assumption of a greater efficient use of limited resources and the higher rates of economic growth. However, the integrated market does not necessarily mean integrated states. While some countries, first of all highly developed, consider that the integration brings them benefits, other countries hold the national economic space in which they defend their acquired positions. This indicates the specific terms of establishing different forms of regional cooperation and integration as well as the process complexity of forming regional entities. The main idea is to find answers to the question of whether economy is more important than politics, which is still unanswerable at the beginning of XXI century.

In the thirteenth chapter, titled *States and Markets in Transition* (O'Neil, P. H.), it is stated that the transformation of the political and economic systems was one of the biggest challenges for socialist countries. The transformation of the socialist system considered the construction of new political and economic institutions, first of all the change of the legal system, the privatization of the state-owned property and establishing a market, where the prices of production factors, goods and services are freely formed. The success of the reform varied from country to country. The author points out that Poland, Hungary and the Czech Republic are often cited as the examples of a successful transition, so that the accession of these countries to the European Union considers the recognition of their progress in political and economic terms. The author indicates that it is difficult to establish a balance between economic and political changes, because changes in one area affect changes in another.

In the fourth part, titled *IPE North and South* (Chapters 15-17, Kukreja, S., DeHart, M., Kontogeorgopolous, N., Balaam, D. N, Veseth, M.), the key issues of the relations between industrialized countries and less developed countries are discussed. Therefore, Balaam, D. N. and Veseth, M. put transnational corporations,

in the first plan because of their being growth drivers for a less developed country, and for others, giant business organizations dominating production around the world and representing a way of exploiting cheap labor and natural resources in less developed countries. It is pointed out that transnational corporations do not invest exclusively in less developed countries, considering that their branch offices are mostly located in highly developed countries. The purpose of considering the locations of the business and economic power of transnational corporations is, among the rest, the consideration of foreign direct investment flows, supported by transnational corporations

In the final part – *Global Problems* (Chapters 18-21), Dillman, B, Balaam, D. N. and Veseth, M. point out that many problems are increasingly beyond the international frameworks, and by their nature are becoming global. It indicates that the international flows of goods, services and people taking place in an illegal way, the growing problems of poverty, the uncontrolled depletion of natural resources and environmental pollution, are the main problems of the modern world. For them to resolve, it is necessary that an organized action be taken, from local authorities (cities and municipalities) to the state and international organizations and institutions.

The IPE subject matter issue is a complex and diverse one, presenting a necessary multi-disciplinary approach of studying international and global issues. An integrated analysis using the methods of political science, economy and sociology is required. This synthesis is, among the rest, also desirable for the propensity of individual disciplines to focus only on certain elements of the complex problems of the modern world.

The concept of IPE, in which complementary politics, economy and sociology permeate one another, it is crucially important for the expansion of the knowledge of a broader scientific and professional community. The book refers to a deep reflection of the key economic, political and sociological issues of today's modern society. Through a comprehensive analysis of a number of theories, the authors discuss the current problems the economies of today's modern society are being faced with. In principle, it is becoming increasingly clearer that the one-sidedness in analyzing the

relationship between the state and the market, both domestic and international, on the one hand, as well as politics and economics, on the other, does not provide a valid response to a wide range of issues of the modern world. A complex approach is required in the analysis of numerous problems which today's modern society is being faced with, which IPE exactly provides.

The significance of the book *Introduction to International Political Economy* is multiple. First of all, the book

provides the reader with fundamental knowledge necessary for a more objective understanding of the function of the modern world. Additionally, apart from the theoretical aspects of their research, the authors also indicate those aspects' practical significance. Indicating the need for critical and creative thinking as the key approach in modern science is one of the most important attitudes the authors are supportive of in the book.

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