

BOOK REVIEW

Politiche dell'economia globale

By Mattia Guidi and Arlo Poletti, Milano: Mondadori Università, 2024. 321p.
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Despite being taught in Italy for more than two decades, International Political Economy (IPE) has finally, by 2024, been graced with a proper manual in the vernacular. The credentials and international standing of the two authors responsible for this feat, that is, Mattia Guidi (University of Siena) and Arlo Poletti (University of Trento), are reflected in the richness of the text, which explores issues at the intersection of political and economic processes, thus espousing the view that the scope of international relations studies should include the global economy.

The sheer number of IPE subfields covered has a dual purpose. On the one hand, it reflects the manual's objective of serving as an educational tool rather than a scientific monograph. In the authors' words, such a teaching companion for IPE scholars has to be not only comprehensive but also accessible to undergraduates and graduate students alike. On the other hand, the thematic chapters clearly reflect the two authors' research interests and publication records, which span from global trade-related trends to European and international competition regulation.

The textbook is structured in three parts. The historical introduction provides an overview of the evolution of the global political economy from the 19th century onwards. It covers five key periods, including the first era of globalization (from the late 1800s to First World War), the interwar economic disruptions that culminated with the Great Depression and the widespread adoption of beggar-thy-neighbour policies, the post-Second World War liberal order of fixed exchange rates and expanding trade agreements under Bretton Woods, as well as the neoliberal era that followed the 1970s' oil shocks and crystallized with the end of the Cold War. The section concludes by addressing the challenges of the post-global financial crisis period, characterized by increasing economic turmoil, financial instability and political polarization.

The historical account is followed by a comprehensive overview of the key theories employed to study IPE. An ingenious conceptual map locates these approaches along two dimensions. First, IPE theories are interested in how political preferences are defined. A 'top-down' view emphasizes that state actors' interests directly relate to the characteristics of the international structure. Structural realists and hegemonic theorists argue that the main variable explaining the behaviour of states is the distribution of power within the international system. Rational and constructivist institutionalists focus on the institutional density in the international arena. By contrast, neo-Marxists argue that states define their interests based on their position in the global capitalist economy and the division of labour within it. A different, 'bottom-up' view focusses on social forces and political conflicts within domestic institutions. Within the framework of open economy politics, state preferences are a function of how domestic institutions structure political conflict. Constructivists, instead, highlight the role of social actors in shaping structures. Second, materialist and ideational ontologies structure the other dimension. Materialist theories focus

on tangible, measurable factors like military and economic power (e.g. realism, some neo-Marxist approaches), while ideational theories emphasize the importance of shared ideas and beliefs (e.g. constructivism, critical theory).

The subsequent five thematic chapters cover trade, monetary systems, financial systems and crises, multinational corporations (MNCs) and global value chains, as well as environmental policies. Such choice is not casual: similarly to the intertwined nature of trade liberalization with the rise of MNCs and lengthening supply chains, technical choices, such as joining a monetary union or pegging a currency to the dollar, have far-reaching political and economic implications, not least the possibility of triggering disastrous financial domino effects. Finally, the authors discuss environmental policies, an area of research that has recently gained much scholarly attention. The chapter highlights the slow progress in international cooperation on environmental issues. Since the costs of environmental action are borne individually by states, while the benefits are shared globally, countries have less incentive to forge agreements on environmental protection compared to trade, where cooperation yields more immediate and tangible benefits.

An important leitmotif of the book is that even more than other political science sub-disciplines, IPE has to constantly address new challenges and reinvent itself. When the author of this review was working at the International Labour Organization in 2017, the UN body was extremely worried of the impact on labour markets of four megatrends: demographic ageing, technological advancement, climate change and, crucially, accelerating globalization. How the world has changed in just a few years! As Guidi and Poletti neatly explain in the final chapter – devoted to the democratic credentials as well as distributional and social implications of globalization –, following Dani Rodrik’s famous trilemma, according to which there is a constant tension between democracy, sovereignty and hyper-globalization, the latter is now on the defensive. The rise of anti-global political forces and societal demands for defence – from migrants, competition, foreign powers – have been key features of the global financial crisis aftermath, thereby challenging some of the key existing assumptions about the rise of globalization.

Two examples of recent developments, related to European integration and global social policy, are worth mentioning. Given growing geopolitical tensions, nearshoring and friendshoring are reshaping global supply chains, and Central and Eastern Europe is emerging as a key hub, as *The Economist* (2024) convincingly explains. Although nearshoring involves relocating production closer to a company’s headquarters, often in geographically proximate countries that enjoy similar regulatory environments, friendshoring implies the expansion of supply chains in geopolitically aligned and politically stable nations. Both strategies benefit countries such as Czechia, Poland or Romania that are somewhat at an (upper-)intermediate stage between fully advanced and still developing countries, often the sole focus of IPE scholarship.

At the same time, several interrelated trends are questioning our traditional understanding of global and within-country inequality. If the rise of the East Asian middle classes is continuing to depress global inequality indexes, new studies provide unexpected nuance. Milanović (2022), referring to a famous global inequality graph, shows that the ‘elephant has lost its trunks’, implying that the top 1% has not fared as well as expected in the aftermath of the 2007–2008 financial meltdown. Even more strikingly, in a recent working paper, Pinkovskiy *et al.* (2024) have hypothesized that due to measurement errors within-country inequality has been falling since the late 1990s, thus reversing the understanding of the effects of neoliberalism on its head.

Neither of these and other recent developments has yet been thoroughly studied by IPE scholars. Such state of affairs, however, makes the publication of Guidi and Poletti’s manual so the more important: the authors provide us with the theoretical and analytical tools to interpret and explain developments that transcend established trends and existing scholarly research.

References

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