

The Political Economy of International Relations, by Robert Gilpin

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BOOK REVIEW

THE POLITICAL ECONOMY OF INTERNATIONAL RELATIONS,
by Robert Gilpin (Princeton University Press, 1987) 449 pp.
Bibliography. Index.

There is no theoretical issue more interesting in contemporary international relations literature than the interplay between politics and economics.¹ Likewise, there is no intellectual theme critiqued more often in popular and scholarly writings today than declining American hegemony and fading liberal international economic order.²

The author, Robert Gilpin, is the Dwight D. Eisenhower Professor of International Affairs at Princeton University. His treatise fits squarely into the synthesis of political and economic study of the international system which has become a hallmark of Princeton University's interdisciplinary emphasis on public and international affairs. This new book has particular significance for those attempting to understand the increasingly interdependent world of the late twentieth century and the growing interdisciplinary nature of international legal studies and international law practice.

A public-choice economist in Europe has recently written: "There can be no question that the study of international political economy has received insufficient attention in both economics and political science."³ Yet, this gap has been narrowed "by the emergence of a new field from international relations theory, a field commonly known as 'international political economy.'"⁴ Economists complain that the study of interna-

1. See generally STRATEGIC TRADE POLICY AND THE NEW INTERNATIONAL ECONOMICS (P. Krugman ed. 1986); R. KEOHANE, AFTER HEGEMONY: COOPERATION AND DISCORD IN THE WORLD POLITICAL ECONOMY (1984); I. LITTLE, ECONOMIC DEVELOPMENT: THEORY, POLICY AND INTERNATIONAL RELATIONS (1982); R. GARDNER, STERLING-DOLLAR DIPLOMACY IN CURRENT PERSPECTIVE: THE ORIGINS AND PROSPECTS OF OUR INTERNATIONAL ECONOMIC ORDER (1980); Bergsten & Krause, *World Politics and International Economics* 29 INT'L ORGANIZATION 3 (1975); R. COOPER, THE ECONOMICS OF INTERDEPENDENCE: ECONOMIC POLICY IN THE ATLANTIC COMMUNITY (1968); K. KNORR, POWER AND WEALTH: THE POLITICAL ECONOMY OF INTERNATIONAL POWER (1973).

2. See generally P. KENNEDY, THE RISE AND FALL OF THE GREAT POWERS (1987); R. GILPIN, WAR AND CHANGE IN WORLD POLITICS (1981).

3. Frey, *The Public Choice View of International Political Economy*, 38 INT'L ORGANIZATION 199 (1984).

4. *Id.*

tional political economy has been dominated by political science-based scholars who emphasize power, authority, dynamics, and national interest.⁵ Economists contend that an economics-based approach, and concepts such as rational behavior, public-goods, incentives and net benefits, among others, ought to be considered.⁶

Gilpin's treatise is a presentation of the exemplary international relations theory research of the late 1980's. The treatise attempts to incorporate economic writings into an interdisciplinary study of international political economy. It is generally successful, but there is a need to further develop this type of complementary approach to include more specific consideration of foreign policy analysis and international legal scholarship.

In 1970, the author became interested in political economy as he prepared for a seminar at the Center of International Affairs at Harvard University. That seminar resulted in papers which were published eventually as "Transnational Relations and World Politics,"⁷ a volume Gilpin claims "transformed the American discipline in international relations."⁸ In this new treatise, he stresses the liberal emphasis on market, takes seriously the Marxist critique of the world economy, incorporates the significance of national and strategic interests, and recognizes the significant role of state in the world economy. He is especially interested in assessing how international politics and international economics interact and affect one another.

The first three chapters set forth the contending intellectual perspectives and theoretical issues. In particular, he discusses the three prevailing ideologies: Liberal, Marxist and Nationalist. Chapters Four through Eight assess substantive issues; the international monetary system, international trade, the multinational corporation, international economic development, and the international financial system. Chapters Nine and Ten conclude with an assessment of present issues and problems in the late 1980's such as changes transforming the system and the rise of regionalism and sectoral protectionism.

At the outset, Gilpin states his interest in several themes: explicit linkage between economics and politics in American foreign policy; rise and decline of hegemonic powers; challenge to the liberal economic order; shift of economic power from the Atlantic to the Pacific; and the interaction of international politics and international economics. In-

5. *Id.* at 201.

6. *Id.* at 201.

7. TRANSNATIONAL RELATIONS AND WORLD POLITICS (R. Keophane & J. Nye, Jr. eds. 1972).

8. Gilpin, *supra* note 2, at xiii-xiv.

deed, he effectively weaves these themes throughout his book.

Gilpin adheres to the liberal economic school, as a matter of general theory and a theory of change, as modified by lessons of the post-war era. This includes, I believe correctly, heightened concern for strategic and national interests and the role of states in the international economy. He employs this approach and concludes that if American political leadership is not able to foster beneficial change among the increasingly nationalistic countries of the international system, then economic warfare will result.

Gilpin argues that world history does not disclose the primacy of either economic or political forces, but rather reveals an equal interaction of the two. To the extent Gilpin synthesizes the issues confronting international relationists and economists and focuses on the central policy issues of the late 1980's, he performs a beneficial service to both the professor and practitioner.

This treatise is essentially a description of the state of the art with some minor resynthesis and restatement of theories and themes in light of recent empirical data. Gilpin does not offer anything terribly new. His book principally summarizes the changes in the focus of international relations theory and international organizational studies within the last decade.⁹ Contemporary international legal scholarship can benefit from the intellectual developments chronicled and assessed in this treatise. Understanding the interplay between international law, on the one hand, and international economic and political analysis, on the other, is part of the crucial challenge confronting international legal scholarship today.

I have three observations concerning future research in this area. First, while Gilpin discusses international political economy, he does not mention foreign economic policymaking. He contends that the distinction between these two areas is similar to the distinction generally made between international relations theory and foreign policy analysis. It seems to me the distinctions he so readily accepts between international political economy and foreign economic policymaking are as artificial as the ones he is attempting to overcome between international economics and international politics. Future works on international political economy, in order to be more useful, must include aspects of foreign economic decisionmaking and comparative foreign

9. Kratochwil & Ruggie, *International Organization: A State of the Art on an Art of the State*, 40 INT'L ORGANIZATION 754 (1986); Rochester, *The Rise and Fall of International Organization as a Field of Study*, 40 INT'L ORGANIZATION 778 (1986).

policy.¹⁰ Decisionmaking is at the center of the international political economy. To dismiss it so cavalierly amounts to the invidiousness which he disclaims,¹¹ but which has been so prevalent among international relations theorists for much of the post-war ear.

Second, Gilpin omits almost all discussion of politico-economic modeling which is necessary to validate research propositions. The application of social science tools common to econometric or politico-metric testing is important. Recounting the history of their successes, failures, promises and application to the international political economy would have rounded out the state of the art pertaining to contemporary research on the international political economy.

This is not to imply that theorists ought to be carried away with methodology and problems of quantification, something that happened to a great extent in the 1960's and 1970's at the expense of confronting significant policy problems. I certainly do not favor more and more preciseness about less and less substance. I am convinced that the more important a problem is in international relations, the less susceptible it is to quantification. Nevertheless, meaningful empirical assessment is possible only when it takes place within a sound conceptual framework.

Third, the level-of-analysis problem, the differences between assessing individuals and corporations, on the one hand, and states, on the other, acting in the international environment, needs much greater study. This is simply not discussed by Gilpin. This is where the cross-fertilization of economists and international relationists may prove the most beneficial. For too long too much attention has been on different issues or different aspects of the same issue. The convergence of the tools and concerns of both need focusing at this time. This is of cardinal importance and is the crucial challenge confronting scholars today in their investigation of the international political economy.

Many writers are now seized with a heightened sense of urgency in reaction to the October, 1987, stock market crash which occurred shortly after the publication of this book.¹² Authors are offering a vari-

10. Rohrlich, *Economic Culture and Foreign Policy: The Cognitive Analysis of Economic Policy Making*, 41 INT'L ORGANIZATION 51 (1987).

11. Gilpin, *supra* note 2, at 12.

12. *E.g.*, Balladur, *Rebuilding an International Monetary System*, Wall Street J., Feb. 23, 1988, at 30, col. 2; M. TOLCHIN & S. TOLCHIN, *BUYING INTO AMERICA* (1988). A review of the popular press and professional journals indicates the political aspects of international trade issues (including finance and business) are of great importance to the public, politician and professional. Perhaps more so in the late 1980's than before. *See generally*, *Trade and Politics*, N.Y. Times, Sept. 14, 1987 at D1, col. 1). After publication of this treatise Gilpin published *Reagan's Ambiguous Economic Legacy* as part of a collection of articles entitled *Fairness or Self-Interest? The Com-*

ety of remedies concerning international competitiveness, foreign direct investment, international trade, monetary and finance systems, and a host of other specific matters.¹³ Gilpin's work, more than any other, provides a systematic review and discussion of the conceptual context which is necessary to understand these policy issues more fully.

It is my belief that if the United States is to compete more effectively, it needs to change various areas of society. A top priority is change in the educational system. Change in the law school curriculum is necessary in order to provide better training of future public and private sector leaders for participation in the business environment in the global marketplace.

To provide the necessary conceptual and interdisciplinary education there is no better starting place than this excellent treatise. It describes the state of the art, its problems and promises concerning the international political economy. This is essential to the international legal profession in pointing the way toward further research and providing a conceptual basis for more effective understanding of the momentous changes taking place in the world economy.

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ing Economic Dilemma, in 2 ETHICS & INT'L AFFAIRS 1 (1988), which addresses the future of the international economic system.

13. Peter Drucker has recently written "Going transnational is not confined to manufacturing firms. It is becoming imperative for any business that aims at a leadership position any place in the developed world." Drucker, *The Transnational Economy*, Wall Street J., Aug. 25, 1987 at 38, col. 3.. Drucker contends this need significantly explains the boom in transnational direct investment and it requires concentration of efforts, not diversification. *Id.*

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