

## ECONOMICS IN THE NEW ECONOMY

**Paul A. Samuelson wrote on fiftieth anniversary of his renowned Economics that: "Economics is a dynamic science – changing to reflect the shifting trends in economic affairs, in the environment, in the world economy, and in society at large." The textbook reviewed here shows the application of the same dynamic approach by its authors – J. Lisý, A. Čaplánová, V. Gonda, K. Hontyová, E. Matoušková, M. Martincová, E. Muchová, V. Piovarčiová, M. Přívarová, D. Rozborilová, and J. Táncošová – who have focused on innovations in economics that reflect innovations in the real economy. The central theme of the book is revealed by its title – *Ekonomía v novej ekonomike (Economics in the New Economy)*.**

This textbook stresses innovations in economic thinking to reflect the creation of a new economy in the era of globalisation – that does not mean it underestimates or undermines the fundamental and "timeless" economic truths forming the cornerstones of microeconomics, macroeconomics and international economic relations, without regard for the market economy's real historical stage of development.

The attentive reader will find in this modern textbook a lucid, interesting and altogether comprehensive presentation of the essentials of modern economic theory, including the principal economic institutions. A feature of this textbook is the attention devoted to the development of economic opinions and theories. Particularly to be appreciated is the balanced and objective approach taken to the various economic theories and schools of economic thought, including the leading economic-political concepts. Emphasis is given, of course, to the main "streams" of economics, encompassing the various forms of Keynesianism and neo-classical economics, including monetarism, the hypothesis of rational expectations and new classical economics, yet certain alternative economic theories are also presented.

The book has been divided into seven logically linked parts. Although the first part is entitled The Market System and Market Mechanism, it also includes four chapters that give a wider scope and represent a well-grounded introduction to both the market system and the other parts. The treatment of microeconomics in this edition is relatively extensive and includes some interesting new chapters, for example, an analysis of public policy in conditions of imperfect competition, a study of material welfare and quality of life, etc. Following this are the parts Macroeconomic Theory and Macroeconomic Policy, which point out alternative approaches. Rounding off the textbook is the sixth part, Macroeconomics of the Open Economy, which deals with the theory of international trade, international movement of goods, services and capital, currency-exchange mechanisms, international economic relations, and international economic integration. Although we are aware of the constraints on the scope of the textbook, we still think that a future edition should ex-

tend the commentary on globalisation, which is now having a revolutionary effect on the development of the world economy and its structural elements.

As already indicated, the common thread running through this textbook is the concept of the new economy, which is understood as the globalised economy based on knowledge, human capital and growing utilisation of information and communication technologies in all areas of economic activity.

An undoubted benefit is the inclusion of two separate chapters devoted to key aspects of the new economy. In the chapter Economics of the New Economy in the Process of Globalisation, the reader is offered new information about the basis of the new economy and its effect on the economic environment, in other words at the microlevel and macrolevel, and about global aspects of the new economy. The fifteenth chapter makes clearer for us the significance of information theory and explains market decision-making in conditions of risk and uncertainty. Also found here is a well-informed view on asymmetric information theory, whose authors, led by J. E. Stiglitz, won the Nobel Prize for Economics in 2001.

This textbook includes a relatively extensive explanation of the fundamentals of economic theory, intended mainly for first-year undergraduates at all faculties of the University of Economics in Bratislava, as well as other interested persons. Undergraduates studying banking and finance will appreciate, for example, the solid and modern presentation of money theory, the money market, the banking system, and fiscal and monetary policy, as well as the "economic mix" and monetary relations. It should also be acknowledged that the authors have given the necessary coverage to the new theory of money and monetary policy, including a more comprehensive overview of the money transmission mechanism. A useful new feature of the textbook is the quality glossary at the end, which briefly defines the essential terms and thus makes study easier. All of this contributes to the high quality of the textbook, which also benefits unquestionably from the fact that the authors drew on their long experience of teaching economics at the University of Economics in Bratislava.

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