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EDITORIAL

A RENEGOTIATION ON THE HORIZON? OR, A BREAK WITH THE PARADIGM?

Now is the time to examine how integration agreements have impacted the economic, political, and cultural development of the countries belonging to them. These include the North American Free Trade Agreement (NAFTA) among Canada, the United States, and Mexico, and other trade agreements entered into as a result of the economic restructuring and subsequent regionalization around the world in the nineteen-eighties. All of them are now part of the national debate in the wake of the "Great Crisis" and the "Great Recession" that began a decade ago.

Nearly 25 years after NAFTA was signed, reflections on how technological changes in the production structure have altered the shape of and relations involved in employment and the labor market, monetary imbalances, the emerging need for sustainable and fair economies, and the importance of social welfare for people in countries that comprise the economic spaces where physical borders are blurring are the principle source of discussion among the main stakeholders and shareholders.

NAFTA emerged from a profound crisis on the financial circuits and the advent of the hegemony of the United States against the nascent monetary zone in Europe and the burgeoning potential of Japan in Asia. Until the nineteen-nineties, it was the most radical alternative of its age, positioning the large corporations from the three countries, especially those from the United States. At the same time, economic and financial reforms in China at the end of the nineteen-seventies and the country's accession to the World Trade Organization began, in the nineteen-eighties, to put Chinese companies in a position to compete in international trade and enter international markets.

Starting in the nineteen-nineties, Mexico joined not only the United States' production circuits, but also its financial circuits, while also becoming increasingly reliant on the country in matters of financial, fiscal, and monetary policy via Chapter XIV of NAFTA. One of the hot topics of the renegotiation of the agreement has not only been that the Mexican and Canadian central banks have fully integrated their policies with those espoused by the United States Federal Reserve, but also that the two countries have had to make adjustments to stabilize the macroeconomic variables in their trading partner, where low inflation, interest rates, and stable economic growth prevail.

The result has been a long period of stability and sustained growth, principally for shareholders (defined by Ben Bernanke) and the "Great Moderation," which came to an end in the United States in 2007. The unfolding of the "Great Crisis" over the past ten years has returned to the debate table not only job losses in the United States, Mexico, and Canada, but also the weakening of welfare protections for a broad swath of the population. Moreover, the rise of a new power to challenge the United States is demanding larger spaces through the *One Belt, One Road.* China is here to stay at the NAFTA table. But beyond talking about countries, there is big interest in major Chinese corporations and the inroads they are making into securing strategic resources via financial and productive investment in North America.

To this is undoubtedly added technological innovation, the robotization of the industrial plant, the sustainable economy, taking care of the environment, and what has come to be known as the digital economy, bubbling under the surface for more than two decades now. Engagement with civil society, in turn, as a representative entity, has gained strength against political parties in response to unmet demands. Communication, through social media and the demographic bonus of the millennials, is erasing borders through technology and, indubitably, putting NAFTA up for debate.

One lesson is to be learned in the trade negotiations that have begun among Canada, the United States, and Mexico. Beyond the governmental interests, other forces are at play: lost jobs; the relocation of businesses to poorer countries where they can pay lower wages; the robotization of industry, and the entrenchment of the digital economy, designed to boost profits for corporate investors and their shareholders. It is around these matters that the negotiations of the treaty known as ALENA (in French), NAFTA, or TLCAN (in Spanish) are centered.

"What Happened to Latin America's *Empty Box* Development Thirty Years Later?" is the title of the paper written by Paola Jaimes and Guillermo Matamoros, in which they revive the thrust of Fajnzylber's classic text to discuss the existence (or lack thereof) of countries today that manage to fulfill the dual condition. Following in Fajnzylber's methodological footsteps, the authors examine Latin American economies from 1985 to 2015, in turn dividing this timespan into two sub-periods (1985-2000 and 2001-2015). The fact that nations such as Uruguay and El Salvador, respectively, have managed to meet the parameters for growth and equality to apparently make it into the *empty box* is amply discussed by the authors, who conclude that a more extensive and detailed political analysis of the backdrop against which these countries have developed is called for. Finally, the merit of this work is that it focuses on future possibilities for a successful development strategy in the region without forgetting the fundamental theoretical groundwork laid by Latin American economic thought.

In her paper "Strategic Regionalisms and Domestic and Transnational Hydrocarbon Companies in the United States and Latin America," Maribel Aponte García focuses on the upstream components of oil value chains via the relations between national and transnational hydrocarbon companies in the United States and Latin America. The demand for hydrocarbons in the United States has prompted the rise of a new strategic regionalism in which, by way of new agreements, connections have emerged between value chains and corporations. She uses data mining to do so. The Pacific Alliance, ALBA, Canada, and NAFTA, through Mexico's recent Energy Reform, are increasingly encouraging more investment on the part of transnational companies over national companies.

"Distortions and Imbalances in Spain's Economic Accumulation Dynamics," is Juan Pablo Mateos' contribution about the Spanish economy, centered on a before- and after-2008 study. The motor of Spanish economic growth in the lead-up to 2007 was labor-intensive (3.9% annual increase in 1999-2007). Until 2007, employment grew one-third in wage-earning jobs in the branches of trade, transportation, and hotels, one-fifth in construction, and nearly 18% in professional services, accounting altogether for a little over 70% of the wage-earning jobs created. Starting in the time period 2008-2014, the capital accumulation rate plummets. The author signals how the accumulation rate falls to below 2% annually until 2014, and only remains high in the real-estate and other services sectors (5.3% and 6.7%, respectively). Through the lens of the political economy, the paper demonstrates the weaknesses of the Spanish economy, related to its position in the Eurozone and underlying profitability problems.

Rafael Alvarado and Stefany Iglesias wrote "The External Sector, Restrictions, and Economic Growth in Ecuador," in which they explain how the external sector in Ecuador furnishes the foreign currency needed for the accumulation process and how the country is facing a particular set of circumstances, namely, that the external sector is a major factor that constrains economic growth in the nation. In the wake of a political regime change, Ecuador has become a country that is highly dependent on commodities export prices and has witnessed a sustained increase in consumer-oriented imports. As such, diversifying exports is a priority. The country will not be able to create more jobs as long as it sticks to its current economic structure. The contribution made by these authors resides principally in placing back on the table for discussion an economic model that many Latin American countries are using, despite having administrations with more of a social bent, the issue at play is how to change the productive structure, create jobs, and diminish fully-entrenched imports to achieve economic growth.

The authors Isael Fierros and V. Sophie Ávila-Foucat, in their paper "Sustainable Livelihoods and Vulnerability in Rural Mexican Households," identify four rural household profiles using the sustainable livelihoods approach (SLA), examining income availability, family assets, and context of vulnerability. Access to primary school education, investments, use of natural resources, size of land plot, availability of formal credit, relations to natural capital and remittances, agricultural and non-agricultural salaries, and self-employment are all examined. Certain structural aspects are definitive, such as education and poverty. Equally important are sustainable diversification, access to markets and commercialization, and access to formal credit.

"Innovation and Development: A Program to Stimulate Regional Innovation in Mexico," by Patricio Moctezuma, Sergio López, and Alejandro Mungaray, introduces a study on innovation and regional development via the Innovation Stimulus Program (PEI, in Spanish) in Baja California, which in the years 2009-2013, aimed to learn about the impacts on companies that have taken part in the program, which helps forge knowledge networks across the companies that benefit from it and the technological and scientific structure that underpins innovation. The relationship between the University of Baja California and corporations has fortified productive specializations, innovative vocations, support for clusters, and the training of human resources in the most in-demand fields.

One of the contributions of Sergio Ordóñez's paper, titled "Innovation Systems and Knowledge: The Case of Jalisco, Mexico," is that it brings the reader closer in touch with new development strategies for innovative technology systems with third-generation regional industrialization policies, which aim to leverage the systemic competitiveness of regions. The insertion of productive linkages via networks of companies has created vertical multi-scalar connections, according to the author, across local, national, and supranational bodies and programs, aiming to harness the benefits of investment and trade beyond the borders of the region and with a clear inclination toward the global scale.

Alicia Girón
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