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Editorial

The Failures of the International Economic Integration and the Supranational Governance

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Just as there are market and State failures (Stiglitz and Rosengard, 2015), in the current context of globalization there are also failures in the international economic integration process, and in the supranational institutions that regulate the integration processes. To be able to solve major global problems such as pandemics, inequality, war, and climate change, these failures must be understood in all their complexity. These problems are part of the reality that emerges from the globalization crises, and which has been considered irreversible for a long time. But the current trends of prioritizing national interests or of forming of regional blocs indicate the opposite.

In this complementary dynamic between long-term processes, the main failures of the international economic integration are: 1) unequal international exchanges; 2) asymmetric and interdependent international relations; 3) global or international public goods; 4) externalities; 5) imperfect information; and 6) an international economic imbalance. The main shortcomings of the supranational governance or supranationalism are: 1) limited access to information; 2) partial control over private multinational corporations; 3) partial control of the international bureaucracy and supranational institutions; and 4) limitations imposed by the political processes of integration at national and international levels (Tejedor Estupiñán, 2022).

THE FAILURES OF THE INTERNATIONAL ECONOMIC INTEGRATION

Historical and geopolitical analyses have identified that unequal international exchanges perpetuate a colonialist pattern, in which the global north (industrialized

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and developed countries) dominate international relations with the rest of the world (non-industrialized and developing countries). This failure is reflected in the imperfect competition and in the concentration of production, income, and riches in a few countries, multinational corporations, and businessmen (Koop, 2022). On the one hand, developed countries have a highly qualified and specialized labor force, production of goods and services in high added value sectors, high levels of public spending, investment in research and development, and surpluses in their balance of payments product of the international free trade (United States, China, Japan, Germany, United Kingdom, India, France, Canada, Italy, and Brazil). On the other hand, developing countries have a low-skilled labor force, low productivity, are specialized in the production and export of raw materials, and of basic and labor-intensive manufactured products of low added value; also, they have a balance of payments deficit, which means they don't obtain significant gains from international trade (Tuvaly, Nauru, Micronesia, Tonga, Belize, South Sudan, Somalia, Kyrgyzstan, Kosovo).

Therefore, there exists an asymmetric and interdependent system of international relations, which manifests itself mainly in the asymmetric patterns of the international trade of goods and services, in the asymmetric property relations resulting from foreign direct investments, in the asymmetric relations resulting from international labor migration and technical assistance, in the asymmetric interdependence of the technology transfers, and, finally, in the asymmetric interdependence of information (Szentes, 2003).

The international or global public goods are represented mainly in the global security area, which is faced with threats of internal and external wars, and particularly the threat of chemical, atomic, mediatic, psychologic or even cybernetic wars. It is also important to consider the global development, which should guarantee the progressive reduction of the economic, political, and social inequalities. Finally, it is necessary to guarantee the environmental equilibrium, without which production and even life would be impossible on this planet. To guarantee the production and provision of these public goods, the national governments, the economic blocs, and the supranational institutions that promoted the new world order after World War II, should provide them in a coordinated manner. And even more so considering that after the COVID-19 pandemic and the Russo-Ukrainian War the global hegemony and the world order are changing and gravitating towards Eurasia.

The externalities, such as the destruction of commerce or of poorly competitive economies, or the environmental pollution, are caused by the insufficient intervention of the state and the supranational institutions. This situation, together with a hyper consumer culture, has endangered the equilibrium of the environment, and with it the survival of the planet with threats such as global warming and climate change.

Imperfect information proliferates in the abysmal gaps in human development, particularly in connectivity, internet and information access, media manipulation, fake news, and access to quality education, both public and private.

Antecedents to this international economic imbalance are to be found in the period between the Great Depression of 1929 and the financial crisis of 2008, and in the current economic crisis generated by the COVID-19 pandemic, with its effects on unemployment, global production, inflation, devaluation, etc. These are only some of the negative macro-economic effects that show that neither the State nor the market have been able to arrive at the equilibrium postulated by the neoclassical theorists. The global economic informality is another market failure. Transnational mafias dominate the black market, smuggling not only goods, but also weapons, persons, and narcotics, generating enormous profits in the process. And this is compounded by negative externalities, such as wars, generalized violence and addictions.

THE FAILURES OF SUPRANATIONALISM OR THE SUPRANATIONAL GOVERNANCE

The supranational global order is affected by several failures. First, it suffers from limited information. International integration is a complex process, and the results of agreements are difficult to predict. In most economic and political international negotiations, many negotiators and governments lack information or negotiation capacity to be strategic and achieve efficient and equitable treaties or agreements. For example, most agreements seek to increase commerce and protect human rights and the environment; however, their redaction is abstract, which prevents their execution or evaluation, or even the formulation of incentives or penalties to enforce their dispositions.

Another aspect of great concern is the limited control exerted over multinational corporations by supranational institutions and national governments. For example, the private financial institutions were insufficiently controlled by the State, not only during the 2008 financial crisis, but also recently during the COVID-19 pandemic, when global oligopolies for vaccine sales were created, which sold millions of doses without proper research, compromising vast amounts of global public spending. While local governments have granted incentives for research and innovation to these corporations, they not only imposed dubious sale conditions to the States but have also been inefficient in the vaccination process and the eradication of the pandemic.

It's imperative to pay attention to the limited control exerted by the international bureaucracy and supranational institutions, which is affected, among others, by the corruption levels and democratic stability of the nation states. Since the creation of the United Nations Organization, the International Labor Organization, the World Trade Organization, the Organization for Economic Cooperation and Development, the International Criminal Court, among other supranational institutions and non-governmental international organizations, dozens of declarations, resolutions, and sentences have been emitted, which have served as guidelines for the constitutions of nation states, but also as parameters to facilitate a fairer, more supportive and equitable international integration process (Vallejo Zamudio, 2018).

Both the national governments and the supranational institutions are responsible for the enforcement of the provisions and regulations contained in those declarations and resolutions. This failure manifests itself specially in a crisis of the imitative and non-authentic capitalism of the developing countries, where the highest income strata of the population control the enterprises and most important bureaucratic positions, influence the elections of the national representatives to the supranational institutions, and even control the economies of other states through sanctions and blockades not contemplated in the supranational normative frameworks (Prebisch, 1976). Frequently, the fact that the stated objectives are not reached is not completely intentional, obeying more to the ambiguity and abstractness of the objectives embodied in agreements, declarations, and resolutions. In other instances, the problems are caused by the bureaucrats' lack of necessary competences and incentives to respect and manage the supranational legal frameworks. For example, the negotiator of a trade agreement can be more interested in the development of certain industries than in the labor rights of the workers of a particular country.

Finally, the limitations imposed by the national and international processes of integration are determined hegemonically by the developed countries and evolve in a complex way. For example, a lot of negotiating members of commercial agreements, ambassadors, and consuls, among other representatives, have incentives to benefit certain hegemonical powers or special-interest groups, even if only to climb the upper echelons of the international order. Adding to these problems are the democratic instability of most developing countries, corruption, and the revolving doors, with their evident conflict of interests, and the citizens' lack of information about the causes and consequences of these failures. The hegemonic control exerted by developing countries over developed ones translates into a new global order with negative economic, social, and environmental results that were not planned, but also not anticipated by the theories of international economic integration.

This is the reality that explains the background of the current economic and political dynamic prevalent in the international scene, with its perverse results on the quality of life of millions of people, the dependence that affects dozens of nation states, with the negative consequences this entails.

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