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EDITORIAL

WTO, APEC,¹ AND NAFTA: MULTILATERALISM AND PROTECTIONISM



The meetings of the World Trade Organization (WTO), the Asia-Pacific Economic Cooperation (APEC) Forum, and the North American Free Trade Agreement (NAFTA) dialogues were three of the most important events in the sphere of multilateralism held in 2017, all of which brought to the fore economic development at the global scale, a situation in which there are winners and losers. These meetings were held just one year after President Donald Trump took office in the United States, ushering in a new era of policy and economic management.

On the one hand, shareholders in the large transnational corporations have seized control of decision-making on what, how, and when production should occur, as well as how to distribute the profits earned in the financial markets; on the other, people living in regional spaces have been relegated to unemployment, joining the cross-border migration circuits, and even dealing with falling wages to survive, as a result of adjustment policies, debt renegotiations, and structural changes.

The well-being of these people has been overlooked by the welfare state in both developed countries and the so-called emerging markets. At present, they have failed to implement alternative policies for marginalized sectors to create new sources of employment and get quickly on board with technological change, the digital economy, and sustainable change.

The strength of multilateralism, via liberalization and the deregulation of economic structures, has positioned a small clutch of winning companies at the top of the trade and financial globalization pyramid as the guiding arm of development in sectors involved in the international productive circuits, beyond the borders of any country or region. In response to that, the momentum and depth of trade and financial integration has left the losing and obscured sectors clamoring in light of the structural changes derived from deregulation across the globe. Their voices are being heard through referendums and social movements calling for independent processes, exacerbating discrimination and anti-globalization.

For its own part, when faced with multilateralism, the protectionist school challenges the economic and political discourse espoused by globalization: this is known as the Global Village. The avant-garde of the protectionist school is on the rise today, driven along toward total failure to the extent that it does not respond to a reality in which countries are sharply structurally integrated, but in which two categories of Marxism prevail, which for 150 years have been around in *Das Kapital*.

The concentration and centralization of capital is taking on a new sheen, and as such, the debate revolving around traditional protectionism is being transformed into corporate and institutional protectionism, as the hegemony gains steam through institutional decisions that will determine the course of development over the upcoming decades. One clear example of this is the "America First" discourse and "One Belt, One Road." Therein resides the importance of the debate swirling around the WTO, APEC, and the NAFTA dialogues, as well as the rebirth of the Trans-Pacific Partnership Agreement (TPP), which are mere expressions of the interests of institutional investors, reaching far beyond the official governmental representations of these countries.

Is there a relationship between the physical oil and oil futures markets via the mechanism of the transmission of the mean and volatility? In his paper *The Physical Oil and Oil Futures Markets: Transmission of the Mean and Volatility*, Raúl de Jesús Gutiérrez presents the results of the Ljung-Box test, $Q(20)$, confirming the strong presence of serial correlation in each of the oil yields series, behaving as a stationary process. He shows the behavior of the futures markets in connection to the Istmo and Maya oil markets, with strong and significant effects running from the Olmecca oil market to the WTI and Brent futures markets. The empirical results have economic and financial implications for the government, consumers, and energy policy designers.

Natalia Ceppi's *Argentine Energy Policy: Taking Stock of the Period 2003-2015* talks about energy policy decisions in Argentina in the twenty-first century, designed to stop the transnationalization of energy resources in the Frente para la Victoria (FPV) administrations under Néstor Kirchner (2003-2007) and Cristina Fernández (2007-2015). Interest in achieving natural gas self-sufficiency and returning energy policy decisions to the hands of the state made it possible to reverse the negative consequences of the transnationalization of the sector in the nineteen-nineties. Despite the nationalization of the YPA and an off-kilter energy trade balance, the challenges have been multiple, complex, and, on

occasion, contradictory. It is essential to map out an energy policy with an eye to the future, beyond the immediate.

Sustainable Development and "Green" Concepts, by Mariana Conte Grand and Vanesa D'Elia, explores the "green" concepts that have come to be predominant in the sustainable economy and environmental economics discourses. The discussion is organized around three schools of thought: 1) degrowth as a solution to environmental problems, 2) "green" growth is possible, and 3) the importance of welfare. The authors discuss and elucidate the scope of each of the words used and the differences between them, as an alternative way to analyze the discourse of the stakeholders involved in environmental affairs. The case of Argentina is analyzed through the lens of a wide array of "green" concepts, including: 1) the "green" economy does not necessarily lead to "green" growth, which in turn does not necessarily imply "green" development; 2) the most widespread term is (economically, environmentally, and socially) sustainable development; and 3) the new terms added to sustainable development (meaning "with social inclusion" or "inclusive") are redundant. Finally, the research concludes that Argentina is in an intermediate situation.

The authors Brianda Peraza and Blas Valenzuela, in *The Mexican Transnational Ethnic Economy: Los Angeles, California*, study the ethnic economy that has sprung up in the cities of Huntington Park and Lynwood, California, in the United States of America, as a transnational ethnic economy. The traditional concept of an ethnic economy refers to small family businesses, generally run with self-employment, inside of internal communities, very closed-off and restricted to their ethnic setting, components they have in common and which initially allow a business to be started. The concept of the transnational ethnic economy goes further than these conditions such that the majority of the business owners studied indeed have businesses that accumulate capital through the exploitation of wage labor. At present, most of the Mexican immigrant business owners in the zone of study have a payroll of salaried and formal workers represent 93% of employees. Noteworthy is that the number of enterprises with wage-earning workers has been on the rise. Likewise, the fact that 45% of the business owners in these two cities are women and 90% of the employees at the businesses surveyed are Mexican is also worth noting.

Public Spending, the Competitiveness Index, and Social Policy in Mexico, authored by Isaac Sánchez-Juárez asserts that social policy has not fulfilled its objective of improving healthcare, education, and job income conditions. As such, he suggests that it is time to rethink social policy and center it on the creation of authentic material and human wealth for a broad majority of people. The paper's main objective is to describe the social competitiveness (or lack thereof) at the state level in Mexico during the time period 2005-2014; it also investigates the relationship between public social spending (as an approximate indicator of social policy) and the Social Competitiveness Index (SCI), controlling for variables also considered to affect the latter indicator, like: population, production of goods and services, public investment, public spending on personal services, federal participations, and gross fixed capital formation (like indicators of the economic conditions and economic policy). The period studied displays serious social lagging. The SCI was 0.5212 in 2014, but public spending allotted to these sectors on the national agenda grew 1.95% on average annually; public spending on health grew 2.88%, education 1.47%, and social infrastructure 3.97% on average annually.

Eufemia Basilio, in the paper *Pro-cyclical Fiscal Policy and Monetary Stability in Brazil, Chile, Colombia, Mexico, and Peru*, demonstrates how the coordination between monetary and fiscal policy, whose goal is to achieve inflation targets, overlooks economic growth and employment. An anchored exchange rate, sterilized interventions in the foreign exchange market, the elevated accumulation of reserves, and rising public debt are all characteristic of the ways in which these policies have sought to maintain macroeconomic stabilization over incentivizing aggregate demand. This has fostered endogenous instability, exchange and interest rate risks, and recurring cuts to public spending.

Walid Tijerina, in his paper *Subnational Developmentalism for the New Century*, emphasizes the fact that two states in the Republic of Mexico, Nuevo León and Querétaro, managed to carry out a developmentalist role at the subnational level in response to the absence and abandonment of industrial policy over the nineteen-eighties and nineties in Mexico. The "new developmentalism" (quite distant from the neoliberal consensus) enabled closer collaboration for public-private investments in which the government managed to move into the international market by harnessing connections with local industries. The prevailing motto in those years was "the best industrial policy is no industrial policy," which drove these states toward aggressive competition, in something that came to be known as the race to the bottom. Policy continuity made the renaissance of Nuevo León and the rise of Querétaro as an industrial project possible.

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¹ The Asia-Pacific Economic Cooperation Forum is a multilateral forum created in 1989 to consolidate the growth and prosperity of the countries in the region, dealing with matters relating to trade, economic coordination, and cooperation among its members.