

Preface

A Free Trade Area of the Americas will constitute a new regional economy, new because of its size, diversity, and potential, with a central member that is already new in terms of being knowledge intensive, achieving advances in applied frontier technology ahead of other major industrialized states. The USA's status as the central member will tend to become more significant, through growth generated by entrepreneurial dynamism, and through contributions to regional policy learning and the learning of corporate managements, as well as through assertions of interests on issues of trade and investment cooperation. Difficult macromanagement problems will have to be overcome in the USA, however, for highly constructive involvement in the vast new regional economy. Efforts to reform corporate governance will have to continue, fiscal prudence will be required, and the current account will have to be brought into balance, while the financial sector will have to provide more productive funding for the real economy, with much less destabilizing speculation. Consideration of these imperatives in the regional context is necessary because of the persistence of serious macromanagement problems in Latin America.

In this volume we have been privileged to have contributions by distinguished area specialists. They have recognized, from differing perspectives, the relevance of the European Union's experience of regional economic integration, its slow processes of policy learning and its low overall growth rates. Hopes of forming a more vigorous regional economy in the hemisphere have been indicated, with understandings of the efficiencies of widely coordinated entrepreneurship, active across national boundaries without impediments, but with bonds conducive to the building of trust and goodwill.

The details of regional market opening can be engrossing, and can occasion intensive bargaining by aggressive interest groups. There is a clear requirement for superior statecraft and corporate magnanimity. Pursuit of hard and precise agreements can lead to wrangling that generates distrust and hinders friendly adjustment to problems and opportunities that cannot be foreseen. The natural development of entrepreneurship in economies that are becoming more knowledge based is distinguished by alliances, which are likely to be more and more technology based; if they are sustained by relational bonds their orderly development can ensure stability, without restricting the scope for new ventures.

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Critics of globalization and of regional market integration have roused concerns about deindustrialization and employment losses associated with increases in economic openness. These should not be dismissed with affirmations of naive faith in the efficiencies of market forces. Capitalist systems becoming more knowledge intensive and more interdependent have to develop with extensive corporate cooperation, with sensitivities to issues of fairness, reciprocity, and social justice that have been stressed by Joseph Stiglitz in his work on behavioural macroeconomics. His observations have become especially meaningful because of the numerous well-publicized cases of corporate fraud that have affected public confidence and investor confidence in the USA in recent years.

We have hopes for knowledge-intensive and high-principled engagement with the issues of trade liberalization in the Americas. Market efficiencies and failures, and government efficiencies and failures, all tending to become internationalized, demand attention in policy communities and corporate associations. The attention that has the most practical significance is likely to be that given by managements of international firms to the development of their transnational production systems. This has strongly influenced our perspectives on the prospects for hemispheric market integration.

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