Preface

The importance of international economic integration is well recognised. It has touched most of the countries in the world and has become an unavoidable element in most national economic policy decisions. In fact, most countries have attempted to integrate with others, creating a global ‘spaghetti bowl’ of trade regimes and agreements. The biggest and deepest achievements in integration have been among the developed countries, in particular in Europe. Countries in other regions of the world have tried to copy, both formally and informally, certain integration accomplishments that took place in Europe, but with varying degrees of success.

Policy makers usually had a favourable view regarding integration. They attempted to use economic integration as a means for securing access to a wider market, to locate certain production (and employment) within the confines of their influence and to reinforce growth in order to achieve a higher level of national welfare. The global credit crunch (2007–08) and the related global economic recession were followed by a wave of ‘economic nationalism’ in the form of ‘buy domestic’ campaigns, in which many countries throughout the world introduced direct and indirect protectionist measures. This was compounded by a continuing stalemate in the Doha Round of multilateral trade negotiations under the auspices of the World Trade Organization. International economic integration and the multilateral trading system suffered a temporary setback. None the less, international economic integration remained an attractive longer-term economic strategy for most countries. In fact, in the longer term there may be several bigger integration groups in the world that will deal with one another.

The process of international economic integration has been characterised by several factors since the mid-1990s:

- A rapid increase in the number of integration deals among countries. This is compounded by continuous problems and a lack of progress in the Doha Round of multilateral trade liberalisation negotiations.
- A deepening and widening integration in the European Union (EU) and, to an extent, in North America and South-East Asia.
- Various forms of economic integration between developed countries in Europe with less-developed ones in Central and Eastern Europe; as well as between the United States and Canada with Mexico, a country that is still in the process of economic development; and similar North–South integration efforts in South-East Asia.
- A change in economic policies in the developing countries towards more outward-looking models.
- Progress in technology and changes in demand which create new opportunities and challenges for theorists, policy makers and business executives. As a number of economic activities became fragmented, ‘footloose’, highly mobile in space and internationally connected, one of the most demanding and intricate questions in such a situation is where would firms and industries locate, relocate or stay? Where does international economic integration take place in these circumstances?
xx International handbook on the economics of integration, volume II

- A transformation of contemporary economies from commodity manufacturing to knowledge-based economies.
- Last but not least, a massive international relocation of manufacturing towards China, in spite of integration efforts elsewhere.

The objective of this three-volume Handbook is to offer an insight and introduction into the principal contemporary economic issues linked with international economic integration. The literature on the various strands of the issue started in the 1950s in the works of Jacob Viner, Jan Tinbergen, James Meade, Helen Makover, George Morton, Tibor Scitovsky, Franz Gehrels, Richard G. Lipsey and Harry G. Johnson. It continued its evolution during the 1960s. Integration seemed to be an almost dead research issue during the 1970s and until the mid-1980s. Then, the EU’s Single European Market Programme (1985–92) for the opening of the internal market in the Union prompted a flow of studies on various aspects of economic integration, mainly in Europe, but also elsewhere, which has evolved enormously. In addition, the European Monetary Union started in 1999. This system is not based on gold, but on a strong (so far) political promise on paper. Apart from wars and the collapse of the centrally planned economic system, this was the most important economic and political event in Europe since the Bolshevik Revolution (1917). A growing number of countries have already entered or intend to join the eurozone.

Contributors to this three-volume Handbook not only survey the literature (look backwards), but also present their own arguments and do not shy away from new ideas and concepts in order to offer a perspective (look forward), as well as explain the issues they think essential for the field. This permitted a constructive interplay between theory and future policy. Each chapter is followed by a summary, hence the reader has a concise overview of its subject matter. The reader cannot fail to notice that a large number of the chapters are ‘Eurocentric’. That should come as no surprise as international economic integration has so far the deepest meaning in Europe. However, other regions of the world have not been neglected. As such, it is expected that this Handbook will contribute to a better understanding of the role of international economic integration in economic research and practice.

The salient feature of international economic integration covers such a wide array of topics that it is not possible to do justice to many of them. Those who have tried to edit a volume would soon have recognised that the choice of fields to be covered and contributors ought to mix idealism, pragmatism and time. Our intention, however, was to offer important insights into the most relevant issues for the understanding of the role and influence of international economic integration on the economy. Therefore, this Handbook of readings aims to provide no more than an introduction to the subject, to give a theoretical and analytical framework to the reader, to provoke research curiosity, and to present select analytical studies.

I believe and hope that the International Handbook on the Economics of Integration will prove useful to scholars, students, civil servants, business executives and others in widening their knowledge and increasing their awareness of the process of international economic integration in the economy of today and tomorrow, as well as stimulating further research.