

# **The Uncertain Future of Inter-American Co-operation After the Monterrey Summit**

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Two types of comments were circulating at the close, last Tuesday, January 13, of the Special Summit of the Americas in Monterrey. For the most part, the comments made by the members of the official delegations were moderately optimistic. According to them, when all was said and done, the Heads of State succeeded in signing a joint declaration which will serve to maintain the dynamic of continental regionalism. The journalists, on the contrary, were much more critical. In their opinion, the Declaration of Nuevo León was so vague and contained so few constraints that it would be forgotten only a few days after being signed. It is important, therefore, to examine what the Declaration itself represents as well as the context in which the Monterrey Summit was held.

The Summit was convened at the initiative of the Canadian government which, barely one year after the Quebec City Summit, considered it necessary to bring together again the Heads of State. In fact, fourteen of them were newly elected and a meeting would allow them to get to know each other and discuss their points of view at a time when the political and economic context of the Americas was becoming gloomier. Brazil then set out the condition that the meeting focus on social issues and not on the Free Trade Area of the Americas (FTAA) project.

At the invitation of Mexico's President, Mr. Vicente Fox, the Heads of State of the Americas therefore gathered together in Monterrey and, following difficult negotiations, signed the Declaration of Nuevo León which identified three objectives linked to the well-being of the region's peoples: economic growth with equity to reduce poverty, social development, and democratic governance.

The final version of the Declaration was ready only a few hours before it was signed by the Heads of State, which reflects the extent of the differences in their points of view, mainly between Washington and the governments of Argentina, Brazil and Venezuela. The disagreement revolved principally around the three following points. First, the Venezuelan government wanted to have a fund created to help poor countries in difficulty. This was rejected by certain governments, including those of the United States and Canada. Then the American government's desire that the Declaration include a specific statement in support of the ongoing process to create the FTAA was opposed by Brazil. However, in this case, the point of view of the United States prevailed and the Declaration underlines, with a reservation on the part of Venezuela, the signatories' support for "the framework and calendar adopted for concluding the negotiations for the FTAA in the established timetable." Finally, Washington would have liked to exclude the governments that have been found corrupt from OAS activities. However, faced with the opposition of a majority of the governments, a compromise was reached to the effect that the governments would deny safe haven "to corrupt officials, to those who corrupt them, and their assets."

Thus, all of the governments present were able to sign the 13-page declaration (French version)—after all, who can be against such a motherhood statement? In fact, through this Declaration, the governments are undertaking to adopt various measures aimed at

fostering economic growth with equity, social development and good governance.

Among these measures are aid for the creation and support of micro, small and medium-sized enterprises, reduction of the regional cost of transfers, access to quality basic education, improvement of social protection for health and intensification of efforts to combat corruption.

Of course, these measures are important but, like the others, they must be established within a framework where “each country has primary responsibility for its own economic and social development through sound policies, good governance, and the rule of law.” This means that the governments of the region’s poor countries, which is to say the majority, cannot count on the United States and Canada to provide a substantial financial aid program. The only support of this type will come from regional development banks, including the Inter-American Development Bank, which will not necessarily devote new funds to finance the initiatives resulting from the Declaration of Nuevo León.

Thus, several governments in Latin America -- of course, Brazil and Venezuela, but also Peru, Panama and others -- have requested that another model of development and economic management be established. Peru’s President, Mr. Alejandro Toledo, summed up the resentment of the Latin American and Caribbean leaders in his statement that the government of his country had faithfully applied the neoliberal policies of economic management without seeing any improvement in the well-being of Peru’s population. The Chilean President, Mr. Ricardo Lagos, whose country is a strong supporter of hemispheric regionalism, pointed out that the number of poor people in Latin America today was unprecedented in its history.

Therein lies the whole ambiguity of the Special Monterrey Summit as well as the danger that threatens inter-American co-operation. For the consensus surrounding the Declaration of Nuevo León in fact masks the appearance of a profound divergence in the concept and philosophy of economic development strategies and continental regionalism as a whole. This return to confrontation, if not a North-South split, could bring the three NAFTA countries into conflict with the governments of South America, united behind Brazil. Indeed, in Monterrey, the Mexican government supported the position of its two North American neighbours in favour of setting up the FTAA in all of the Americas according to the initially established timetable.

Since 1889, inter-American co-operation has always developed in waves, according to the political and economic context of the region, and sometimes of the world. The context of the latter half of the 1980s opened a window of opportunity, making NAFTA, MERCOSUR and the FTAA project possible as well as a renewal of inter-American co-operation as a whole. Since autumn 2001, this window has been closing up again. It will undoubtedly take a large dose of imagination and political courage to revive inter-American co-operation in anticipation of the summit to be held in Argentina next year. This is a role tailor-made for the Canadian government for whom this issue is quite important, given Canada's place in the world.