The OAS as Democratic Policeman?
Sean W. Burges

The theme of the 35th General Assembly of the Organization of American States (OAS) was democracy and its promotion throughout the inter-American system. As was to be expected, the collected foreign ministers at the meeting were unanimous in their belief that democracy is a good thing and something they should collectively seek to preserve and advance. How they should go about doing this did not elicit the same level of consensus.

General Assembly participants arrived in Fort Lauderdale with the draft US Declaration of Florida in hand, a document which effectively proposed the creation of a hemispheric democratic police force under the auspices of an OAS, charged with taking concrete action to ensure that countries do not experience democratic setbacks. The final document agreed by the 34 members of the OAS was considerably more vague, simply reaffirming the commitment to democracy and calling upon the Secretary General to study the implementation of the Inter-American Democratic Charter. Plenary discussions leading to the final declaration revealed four main stumbling blocks on the path to a consensus about how democracy can be protected.

The first point of concern was the tone of the proposed US text, which appeared to position the OAS as judge and jury over what sort of political systems and practices might be classified as democratic. For many this was interpreted as a not particularly subtle attempt by the US to use the OAS as a device to destabilize the Chávez regime in Venezuela, concerns that were not eased by Condoleezza Rice's suggestions that there is more to democracy than the secret marking of a ballot. While this more nuanced approach to democracy must be viewed in the context of US dissatisfaction with Chávez, it nevertheless represents a public shift away from the formulaic approach to democracy often attributed to US foreign policy and provides one of the quiet developments that emerged at the General Assembly.

The first point of concern was the tone of the proposed US text, which appeared to position the OAS as judge and jury over what sort of political systems and practices might be classified as democratic. For many this was interpreted as a not particularly subtle attempt by the US to use the OAS as a device to destabilize the Chávez regime in Venezuela, concerns that were not eased by Condoleezza Rice's suggestions that there is more to democracy than the secret marking of a ballot. While this more nuanced approach to democracy must be viewed in the context of US dissatisfaction with Chávez, it nevertheless represents a public shift away from the formulaic approach to democracy often attributed to US foreign policy and provides one of the quiet developments that emerged at the General Assembly.

Questions of national sovereignty formed the second major barrier to agreement on the initial draft Declaration of Florida. While there were complaints that the OAS must not be allowed to become a sort of Security Council for the Americas that can unilaterally intervene in the affairs of its member states under the pretext of maintaining democracy, some countries such as Ecuador set the sovereignty question in the context of democracy promotion. Allusions to various national experiences as well as the ongoing situation in Haiti were drawn upon to make the point that democracy is not something that can be created within a country by international fiat. Brazil was definite that ‘democracy cannot be imposed’, and that the OAS should concentrate on creating an international atmosphere supportive of the regime type by not encouraging activities that strike at the legitimacy and operation of democratic institutions, offering direct external assistance only when explicitly requested by a country’s constitutionally-determined authorities.
Perhaps most significant for the long-term prospects of democracy in the Americas was the third factor sinking the US draft text: explicit recognition that democracy is the outcome of internal social processes. In response to US assertions that there is only one type of democracy Jamaica made the explicit point that democracy assumes many forms, with various versions of parliamentary and presidential democracy arising from differing social and political agreements in each country. The common theme tracing through many of the plenary session statements by the collected foreign ministers was that democracy is condemned to crisis in countries where cultural, economic, social, and political exclusion is the norm. Formal institutional perfection was not presented as the dilemma facing many countries. Rather, the challenge is one of enabling widespread and substantive participation in decision-making processes.

The implications of this third point are far-reaching, implicitly acknowledging not only that democracy is a negotiated outcome between a dominant elite and rising social sectors, but also that there is an inherent element of conflict and instability in the formation of lasting representative democratic institutions. Quiet recognition of this reality points to the fourth barrier faced by the US draft declaration: uncertainty about what should be done to promote and protect democracy in the Americas. Plenary session discussion of Bolivian president Carlos Mesa’s June 6 resignation underlined the difficulties that this fourth point presents for any attempt to create a substantive inter-American response to democratic disruption. After the General Assembly had heard a detailed statement from the Bolivian foreign minister giving assurances that his country was not facing a crisis of constitutionality, Panama took the floor and pointedly asked that Bolivia draw on its immediate experience to tell the assembled ministers what exactly the OAS should be expected to do in this and similar situations. Before a reply could be offered discussion was squashed by the meeting chair and the matter referred to OAS Secretary General José Miguel Insulza, who retired to draft the declaration of solidarity with Bolivian democracy approved on June 7.

On the surface events at Fort Lauderdale present a dark and despondent future for the collective promotion of democracy in the Americas. Such an analysis would, however, overlook a more important emerging theme. That is, the explicit rejection of measures designed to force democracy on countries of the region, combined with a recognition that democracy is grounded in the complexities of societal relations. This awareness points to a more complicated conceptualization of the democratic consolidation process, one which is more dependent on the evolving social and political relations within a country than on grand statements by national and regional leaders. The question notably left unaddressed in Fort Lauderdale was to what extent the popular protests and instability seen in Bolivia and the other Andean countries in recent years is part of the national negotiation process necessary for the creation of internally sustainable democracy in the region.

A Welcome Uncertainty in Chilean Elections
John M. Carey

The Chilean election this December will introduce a level of uncertainty unfamiliar to the country’s politics since the reestablishment of democracy in 1989-1990. This is not a bad thing. Uncertainty is a fundamental characteristic distinguishing non-democracies from democracies. The former often hold elections where everyone knows the outcome ahead of time. In the latter, we do not. In the Chilean case, two separate factors are combining to boost uncertainty about the electoral outcome: viable presidential challengers on the right, and congressional elections held simultaneously to the presidential contest.

The first factor is attracting more attention in the media, perhaps because the personalities attached to this year’s presidential campaign are so compelling. The governing, centre-left Concertación coalition has settled on Michelle Bachelet as its candidate. Bachelet is a Socialist (like incumbent President Ricardo Lagos), a former Minister of Defence, and daughter of a pro-democracy general who perished in one of the military’s own prison camps after the 1973 coup led by General Augusto Pinochet. If elected, Bachelet would be Chile’s first woman president.

Bachelet’s most established challenger is Joaquin Lavín, of the right-wing Independent Democratic Union party (UDI). Lavín, a successful mayor of one of Santiago’s more affluent sections, challenged Lagos in 1999-2000, surpassing expectations and nearly taking the presidency. Since that initial campaign, Lavín has positioned himself to run again in this year. For most of Lagos’ term, polls showed Lavín as the presumptive winner in 2005. He remains a strong contender, although sustained strong economic performance under Concertación stewardship, as well as Bachelet’s personal popularity, have revived the prospects for the incumbent coalition to fend off the Lavín threat.

More recently, however, this scenario was complicated by the entrance into the race of prominent businessman and President of the

Sean W. Burges is a SSHRC Postdoctoral Fellow at the Norman Paterson School of International Affairs and a Research Fellow with the Council on Hemispheric Affairs. E-mail: seanburges@yahoo.com
centre-right National Renovation Party (RN), Sebastián Piñera. Piñera positions himself as a more moderate alternative to Lavin, appealing to centrist voters weary of the Concertación after 16 years, as well as voters on the right who regard a centrist candidate as electorally viable against the incumbent coalition. Chile’s presidential election rules, by which the two top candidates advance to a run-off election should the first ballot produce no majority winner, may help Piñera out by allowing time for an anti-incumbent coalition of voters to develop between rounds.

The second factor adding to this year’s unpredictability is the concurrence of presidential and parliamentary elections. Elections took place simultaneously in 1989 when democracy was re-established in Chile after the 17-year Pinochet interregnum, but at that point the victory of the Concertación was a fait accompli. Nor was the outcome in any doubt in the second post-transition contest in 1993, when elections were also concurrent but the right could not field a credible challenger for the presidency. Then, in 1994, a constitutional reform changed the presidential term to six years while leaving parliamentary terms at four and eight years for the lower chamber and Senate, respectively. So in 1997 and 2001, parliament was renewed, but not the presidency, whereas in 1999-2000, a new president was elected at the parliamentary mid-term. Over this period, Concertación electoral dominance has steadily eroded. The result is that as the presidential and parliamentary electoral clocks re-synchronize for the first time in over a decade, control of both branches will be at stake in a more competitive electoral environment than Chile has seen since the middle of the last century.

Economists often speak of uncertainty with trepidation (“market jitters”), but Chile’s political uncertainty should be welcomed. The country has enjoyed sustained economic growth coupled with substantial poverty reduction under Concertación governments, but the coalition has recently shown signs of complacence, and has not been immune from the corruption scandals (albeit, of the petty variety so far) that plague dominant party governments. Chilean voters have a chance to decide this year whether to reward the coalition with another term of unified government, toss it out, or something in between. Whoever sits in La Moneda, the presidential palace in Santiago, as of next February, and whichever group, or groups, hold the gavels in the bicameral Congress in Viña del Mar, the uncertainty associated with competitive multiparty democracy ought to focus policymakers’ attention on responding to citizens’ demands. If they do not, a viable opposition will be breathing down their necks. That is a variety of uncertainty Chilean voters should welcome.

Rodríguez now faces the challenge of organizing general elections (for president, vice president and legislators) in this challenging environment, as well as deciding on the timing of the election of a constituent assembly. He appointed his cabinet and named Jorge Lazarte as his special advisor on political affairs, who is charged with supporting election organization. However, the truce remains tenuous: key opposition groups agree that elections must be Rodríguez’ focus, but are convinced that he must take steps to deal with the demands of protestors. Meanwhile, the pro-autonomy camp in Santa Cruz has said that it will refuse to postpone a referendum on regional autonomy, scheduled to take place on July 12 along side gubernatorial elections.

**Bolivia**

After three weeks of intense protest and conflicting demands from various sectors, Carlos Mesa resigned as the President of Bolivia on June 6. Congress accepted Mesa’s resignation on June 9 and appointed Eduardo Rodríguez, head of the Supreme Court, as interim President after convincing Hormando Vaca Díaz and Mario Cossío, the leaders of the Senate and lower chamber and those indicated as presidential successors according to the constitution, that they would be swiftly rejected by protesters if either assumed the post.

Upon taking office Rodríguez called for a truce in the protests, in much the same way did Mesa in October 2003 after Gonzalo Sánchez de Lozada resigned following nation-wide demonstrations. A truce has been tentatively granted. Rodríguez has indicated that his transitional administration will not deal with the Andean nation’s most pressing political and policy issues—including the nationalization of oil and gas resources, calls for regional autonomy and a rewriting of the constituent assembly—but will focus on organizing elections by the end of the year, leaving these critical decisions to be made by a legitimate government.

Rodríguez now faces the challenge of organizing general elections (for president, vice president and legislators) in this challenging environment, as well as deciding on the timing of the election of a constituent assembly. He appointed his cabinet and named Jorge Lazarte as his special advisor on political affairs, who is charged with supporting election organization. However, the truce remains tenuous: key opposition groups agree that elections must be Rodríguez’ focus, but are convinced that he must take steps to deal with the demands of protestors. Meanwhile, the pro-autonomy camp in Santa Cruz has said that it will refuse to postpone a referendum on regional autonomy, scheduled to take place on July 12 along side gubernatorial elections.

Economists often speak of uncertainty with trepidation (“market jitters”), but Chile’s political uncertainty should be welcomed. The country has enjoyed sustained economic growth coupled with substantial poverty reduction under Concertación governments, but the coalition has recently shown signs of complacence, and has not been immune from the corruption scandals (albeit, of the petty variety so far) that plague dominant party governments. Chilean voters have a chance to decide this year whether to reward the coalition with another term of unified government, toss it out, or something in between. Whoever sits in La Moneda, the presidential palace in Santiago, as of next February, and whichever group, or groups, hold the gavels in the bicameral Congress in Viña del Mar, the uncertainty associated with competitive multiparty democracy ought to focus policymakers’ attention on responding to citizens’ demands. If they do not, a viable opposition will be breathing down their necks. That is a variety of uncertainty Chilean voters should welcome.

John M. Carey is Associate Professor of Government at Dartmouth College.
Consenso Cubano is Common Sense
Marifeli Pérez-Stable

Consenso Cubano is common sense. Only Cuba’s polarized politics renders common sense subversive. All of those hopeful for a peaceful transition to democracy and a market economy on the island should welcome the effort by 21 Cuban and Cuban-American organizations to agree on ‘building the road before establishing the rules’, as Carlos Saladrigas—co-chairman of the Cuba Study Group and one of Consenso’s signatories—says.

What is Consenso Cubano?

A group of Cuban and Cuban exiles with vastly divergent political and ideological views have set aside their differences to craft an 18-point blueprint to guide how the island should be governed after Fidel Castro. Representatives from 21 groups, including the Cuban American National Foundation, Agenda Cuba, the Cuba Study Group and members of the clergy, spent months developing the template called “Pillars for a Cuban Consensus”. While a broad range of political ideals are represented, the most conservative groups did not participate in this initiative, including the Cuban Liberty Council, and Cuba Democracy Advocates.

The “Pillars for a Cuban Consensus” is an inventory of ideas shared by Consenso Cubano and forms the basis upon which to expand the initial group of participating organizations. Key points include the need for:

1. All Cubans to be involved in crafting Cuba’s future, wherever they live, sharing the same rights commensurate with the responsibilities that they are willing to assume.
2. All Cubans to determine their future in full independence and sovereignty, without imposition or intrusion by any other nation.
3. The promotion of a non-violent negotiated transition towards democracy.
4. A future based on reconciliation, peace and harmony, dialogue, and rejection of hatred and division.
5. The establishment of a sustainable development model, based on democracy, the rule of law, and a productive economy framed in social justice.
6. Universal access to healthcare and education as national priorities, and the improvement of the quality of such services.
7. The recognition and granting of clear and unhindered title to persons who currently occupy expropriated properties, and the right of the former owners or their descendants to claim compensation from the state.
8. A general amnesty for all political crimes within the boundaries established by international law, and the establishment of a process to document the truth about Cuba’s history, in order not to repeat it.

For more details on the Consenso Cubano see: http://www.consen socubano.org/eng/whatiscc.htm

What is the road? Clearly, it is not the one we—whether in Cuba, the diaspora, or Washington—have been on. Neither confrontation nor engagement has brought about fundamental change, in part, because the primary drive must come from within Cuba, the regime itself and/or civil society. But, all of us belonging to the greater Cuban nation have a responsibility to imagine the Cuba that one day will be. That is what Consenso Cubano is about.

Consenso’s vision is spelled out in the document, “Pillars for a Cuban Consensus”, which stands on two foundational ideas: 1) the right of Cubans to determine their future without foreign intrusion or imposition; and 2) the imperative that the transition be negotiated and peaceful. Their road is one of dialogue and reconciliation—which they practiced among themselves to craft the “Pillars”—to secure the well-being of the Cuban people in a democratic system and productive economy with universal access to health care and education.

Consenso extends bridges to Cubans in Cuba. Their document acknowledges the constructive role the armed forces can have under civilian, democratic supervision. It places at centre stage ordinary citizen’s rights, including owning property, being treated equally under the law, and traveling freely in Cuba and abroad. “Pillars” is wagering that the entrepreneurial spirit of Cubans will propel the new economy. It emphatically rejects discrimination for reasons of race, gender, sexual orientation, creed, ideas, political ideals, or national origin. Equality of opportunity—not of outcome—is the only guarantee that a democracy can give its citizens. Consenso takes an unequivocal stand on residential properties and small farms: that all persons currently occupying these properties receive clear and unhindered deeds of ownership.

The organizations that are joined by their commitment to Consenso support the full spectrum of the non-violent opposition groups in Cuba, and call for multilateral, international solidarity on their behalf. Implicit in “Pillars” is a constructive criticism both of US policy, for its unilateralism, and of some Latin American governments, for not taking a forceful enough
stand on human rights in Cuba. One can, after all, oppose the embargo and defend human rights. A strong civil society is a prerequisite for a well-functioning democracy, and its seeds lie with the dissidents and the millions of Cubans who go about their lives, quietly hoping for change. The opposition and ordinary Cubans need to be at the forefront of the international community’s policies toward Havana.

For the most part, “Pillars” deals in generalities, which is natural in an effort staking out initial common ground. Getting into the details—the devil, as the saying goes—entails putting forward specific programs. Consenso, for example, is against the restitution of residential properties and small farms, while supporting the right of the original owners or their heirs to receive compensation. What compensation method is best is another matter, one that Consenso judicially avoids. Advocating a market economy with a social safety net is, similarly, judicious, given Cuba’s history and the social deficits that weakens democracy in Latin America. How to make this a reality, especially how to promote popular understanding that a productive economy is needed to extend and sustain social rights, is an issue of considerable contention.

Over 46 years, the Cuban regime has committed untold violations of human rights. Consenso wants to seek the truth so that history never repeats itself. Cuba will need a reconciliation of historical memories and to restore those which have been silenced or negated. “Pillars” calls for an amnesty for all political crimes within the boundaries set by international law. Implicit in the document—spelling it out would have likely doomed Consensus—might, perhaps, be the suggestion that these crimes were also committed by the violent opposition on the island and in exile, as well as by the US government in Operation Mongoose. Governments, however, are primarily responsible for human rights violations. In El Salvador, for example, about 90% of these violations originated with the ruling military and the rest with the guerrillas.

Consenso Cubano is not angry or hateful. Its signatories want to promote reconciliation, peace, and harmony. Surely easier said than done, but the politics of polarization that have marked Cuba breed the dehumanization of opponents as enemies. If enough Cubans are able to speak and listen with compassion, the politics of reconciliation will emerge. Consenso Cubano takes us in that direction.

Marifeli Pérez-Stable is the Vice President for Democratic Governance at the Inter-American Dialogue in Washington, D.C.

FTAA Decline: Losing the Bath Water and the Baby
Laura Ritchie Dawson

Since its inception in 1994, the Free Trade Area of the Americas (FTAA) process has represented an ambitious diplomatic, social, and political project for the hemisphere with an awkward and somewhat over-reaching trade agreement at its heart. It attempts to bring together 34 economies of the Western Hemisphere into a single free trade area of 800 million consumers with a combined Gross Domestic Product (GDP) of 14 trillion US dollars.

The vision for the FTAA has ballooned through multiple Summits of the Americas and now includes parallel arrangements for democratic strengthening, promotion of sustainable development, civil society engagement, and labour and indigenous rights. These objectives have been precariously balanced on top of a WTO-plus commercial agreement for which the demand by the business community has never been compelling. Nevertheless, in the post-cold war era, the if-you-build-it-they-will-come ethos of policy planning gained some credibility. International occurrences such as the fall of the Berlin Wall and the emergence of the Asian Newly Industrialized Countries (NICs), unimaginable prior to their existence, were considered inevitable after they had come into being.

The Summit of the Americas process surrounding the FTAA negotiations created a framework and momentum for hemispheric co-operation, introducing new ideas and voices through its focus on smaller economies, civil society, and parallel business summits. Among the most important offshoots of the summit process was the Inter-American Democratic Charter. This serves to reinforce the FTAA as a ‘democracies-only’ club and provides a mechanism for signatories to bring collective pressure to bear when national democracies are under threat. The incentive to seek collective solutions to national problems—even if it means curbing domestic unilateralism—is fuelled by the promise of economic gains through an integrated hemispheric market. Without that fuel how much
momentum for hemispheric co-operation projects can be retained?

For nine years, the FTAA negotiation process has made little more than tentative progress across an ambitious range of issue areas. The trade negotiations ground to a halt in November 2003 with the acceptance of an ‘FTAA-lite’ formula by which states would no longer be required to accept the trade agreement as a single undertaking, but to accept commitments on a selective basis. By removing the teeth from the negotiator’s imperative that “you have to give something in order to get something”, the resulting agreement is likely to be a collection of best efforts undertakings, offering little of any real commercial value to signatories.

The prospective FTAA has been relegated to the control of its largest protagonists, the United States and Brazil (who are also the current FTAA co-chairs). The major northbound complaints focus on US treatment of agricultural commodities, while southbound irritants are concerned with intellectual property and investment. However, the endless excuses seem to be a pretext for a lack of any real interest in continuing to conduct inter-American trade diplomacy through the FTAA forum. The most recent concern expressed by Brazil is the fear that preferences negotiated in the Doha Round could be eroded if a FTAA is concluded in advance of Doha’s completion. With the FTAA moving at a glacial pace already, tying the hemispheric agreement to the WTO progress is an unequivocal signal the major economic players in the hemisphere are no longer taking the agreement seriously. Only a handful of small states, such as those represented by CARICOM, continue to be cheerleaders for the FTAA process, strategically assessing that their prospects for an agreement with larger states are improved in a collective rather than bilateral setting.

Arguably, the most active element of the FTAA process today is the competition among cities vying to be named as the site of the permanent FTAA Secretariat. Port of Spain and Panama City have launched impressive campaigns, but they cannot compete in wealth or profile with the bid launched by Miami (one of seven US cities in contention).

As the largest and most lucrative export market in the hemisphere, the United States is setting the pace for hemispheric trade development. Claiming to be advancing its Americas trade agenda on many fronts, the United States is working with Canada and Mexico on the Security and Prosperity Partnership and planning to launch free-trade negotiations with the Andean nations of Colombia, Ecuador and Peru. However, the US plans in the hemisphere may be seriously disrupted if Congress does not approve the Central American Free Trade Agreement, which includes the Dominican Republic (DR-CAFTA). Ideological linkage between the Central American agreement and concerns about exports from China may serve to sink the DR-CAFTA agreement. In response, the US government has launched an aggressive public relations campaign to sell the agreement domestically.

What is the effect of a failed FTAA?

A liberalised trade agreement provides an instrument to reduce the barriers between willing buyers and willing sellers. This serves to increase transactional efficiency, improve productivity, lower costs and increase revenues. Aside from reduction of tariff and non-tariff barriers, trade agreements also provide a tacit

Changes at the IADB

After 17 years as President of the Inter-American Development Bank (IADB), Enrique Iglesias formally announced in late May that he will be leaving the Bank to become the first Secretary General of the Ibero-American Summits process. These annual presidential Summits, which have been taking place since 1991, provide the 22 Ibero-American leaders—including Spain, Portugal and Cuba—an opportunity to discuss their ongoing cooperative efforts on a range of issues. The summits process is being strengthened by the creation of an Ibero-American General Secretariat (SEGiB), which will absorb the existing Ibero-American Cooperation Secretariat and be based in Madrid. Iglesias is expected to assume his new position some time before the next Ibero-American Summit, scheduled to take place on October 14-15, 2005 in Salamanca, Spain.

Enrique Iglesias served in as Uruguay’s foreign relations minister and chief of the UN Economic Commission for Latin America and the Caribbean (ECLAC) before heading the Washington-based regional development bank. Iglesias’ skill for consensus building has earned him the label of the “perfect diplomat”. Widely respected and admired in Latin America, Iglesias is considered by many to have been the foremost advocate for the region in Washington. He is often credited with garnering support for the region in the midst of financial crises in Argentina, Brazil and Mexico. To date Iglesias’ successor at the IADB has not yet been chosen, and the region’s governments have until July 17, 2005 to present eligible candidates. Peruvian Finance Minister Pedro Pablo Kuczynski, former Brazilian Planning Minister Joao Sayad and the Colombian Ambassador in Washington, Luis Alberto Moreno, are among the proposed contenders.

For nine years, the FTAA negotiation process has made little more than tentative progress across an ambitious range of issue areas. The trade negotiations ground to a halt in November 2003 with the acceptance of an ‘FTAA-lite’ formula by which states would no longer be required to accept the trade agreement as a single undertaking, but to accept commitments on a selective basis. By removing the teeth from the negotiator’s imperative that “you have to give something in order to get something”, the resulting agreement is likely to be a collection of best efforts undertakings, offering little of any real commercial value to signatories.

The prospective FTAA has been relegated to the control of its largest protagonists, the United States and Brazil (who are also the current FTAA co-chairs). The major northbound complaints focus on US treatment of agricultural commodities, while southbound irritants are concerned with intellectual property and investment. However, the endless excuses seem to be a pretext for a lack of any real interest in continuing to conduct inter-American trade diplomacy through the FTAA forum. The most recent concern expressed by Brazil is the fear that preferences negotiated in the Doha Round could be eroded if a FTAA is concluded in advance of Doha’s completion. With the FTAA moving at a glacial pace already, tying the hemispheric agreement to the WTO progress is an unequivocal signal the major economic players in the hemisphere are no longer taking the agreement seriously. Only a handful of small states, such as those represented by CARICOM, continue to be cheerleaders for the FTAA process, strategically assessing that their prospects for an agreement with larger states are improved in a collective rather than bilateral setting.

Arguably, the most active element of the FTAA process today is the competition among cities vying to be named as the site of the permanent FTAA Secretariat. Port of Spain and Panama City have launched impressive campaigns, but they cannot compete in wealth or profile with the bid launched by Miami (one of seven US cities in contention).

As the largest and most lucrative export market in the hemisphere, the United States is setting the pace for hemispheric trade development. Claiming to be advancing its Americas trade agenda on many fronts, the United States is working with Canada and Mexico on the Security and Prosperity Partnership and planning to launch free-trade negotiations with the Andean nations of Colombia, Ecuador and Peru. However, the US plans in the hemisphere may be seriously disrupted if Congress does not approve the Central American Free Trade Agreement, which includes the Dominican Republic (DR-CAFTA). Ideological linkage between the Central American agreement and concerns about exports from China may serve to sink the DR-CAFTA agreement. In response, the US government has launched an aggressive public relations campaign to sell the agreement domestically.

What is the effect of a failed FTAA?

A liberalised trade agreement provides an instrument to reduce the barriers between willing buyers and willing sellers. This serves to increase transactional efficiency, improve productivity, lower costs and increase revenues. Aside from reduction of tariff and non-tariff barriers, trade agreements also provide a tacit
seal of approval for foreign investors, signaling that domestic authorities and entrepreneurs are interested in attracting foreign capital and safeguarding its treatment within national borders. While higher national incomes may not necessarily be channeled toward social spending and national development concerns, they are an important first step in a broader development policy mix. Arguably, higher national incomes may be achieved through other agreements—bilateral or multilateral—but neither of these alternatives makes much contribution to the broader social and political goals that are attached to the FTAA.

As Sidney Weintraub notes:

“Today, almost for the first time in the history of the Americas, all countries in the hemisphere, save Cuba, are democratic. Many of the democracies are frail. Many have electoral and other flaws. [...] But the essential building block is there in the form of democratically elected governments and legislatures and the conviction that further development of their democracies is the path of the future”. (Testimony Before the US House of Representatives Committee on Ways and Means Subcommittee on Trade, March 18, 1997).

The mechanisms developed through the FTAA process are well placed to support these fledgling democracies. However, once the core rationale of commercial gain disappears from the FTAA process, the incentive to participate in the broader elements of the FTAA (i.e. the Summits of the Americas process) is diminished. One should not underestimate the importance of a financial incentive to international co-operation. The GATT-WTO system, for example, is frequently successful in curbing state unilateralism in favour of collectively agreed-upon principles because an economic incentive for compliance exists. This stands in sharp contrast to the record other international organizations in areas such as labour, security and justice, which have high aspirations but low levels of compliance when national interests are challenged.

What are the options for picking up the pieces? In order to put some form of ‘baby’ back into the FTAA ‘bathwater’ of hemispheric co-operation and democratization, a scaled-back but strengthened form of FTAA should be considered. A rationalized FTAA might not be as sweeping as the originally conceived agreement, but it should be based on identifiable commercial interests and be uniformly binding for on all parties. When the fog of multilateral and bilateral negotiation has passed, there may be some elements that can be dealt with at the regional level that are too broad for a bilateral but too narrow or specialized for the WTO. Renewed attention to a meaningful regional trade agreement would restore momentum to the worthwhile social and political by-products of the FTAA. Without its economic core, however, the FTAA becomes a regional talkfest with little reason to impel action.

Laura Ritchie Dawson is Director of the Americas Program at the Centre for Trade Policy and Law.

Abstracts

An Overview of the Linkages Between Spain’s Regions and Cuba
By Christian Freres

For Cuba, contacts with Spanish regions and non-state contacts far surpass and are more multidimensional than those it has developed with most other countries. These links reflect the strong ties of people and history between the two countries. The motives of Spanish regions for developing stronger external relations with Cuba and other countries are the need to project their identity abroad, growing pressures to compete in the international economy, and the desire to assert their autonomy vis-à-vis the central government, including developing their own external relations. For its part, Cuba has developed its relations with Spain’s regions as one element in its response to the loss of its major external partner, the Soviet Union, and the ongoing efforts of the US to isolate it internationally.

Historically, Spanish regional and municipal governments’ contacts with Cuba have focused on development assistance and cultural and educational exchanges. However, economic interests are playing an increasing role. From Cuba’s perspective, regional and institutional ties with Spain provide political, economic and technical benefits...

For the complete online copy of this paper visit: http://www.cubasource.org/pdf/cuba_spain.pdf

MERCOSUR: A Different approach to institutional development
By Celina Pena and Ricardo Rozemberg

This paper describes MERCOSUR’s main institutional features: the organic structure, the creation and implementation of quadripartite norms and the mechanisms designed to resolve trade disputes within MERCOSUR. Likewise, it evaluates the bloc’s institutions, identifies weaknesses as well as strategies for improvement. Finally, it examines some proposals for strengthening MERCOSUR’s
institutions. This document argues that the greater institutionality of the bloc does not represent a condition sufficient to guarantee a deep integration among the countries in the region. It is, however, a necessary condition that should accompany political statements and the definition of common economic-trade policies. This paper contains background on the evolution of MERCOSUR’s institutions, as well as prospects for the future of the integration process.

For the complete online copy of this paper visit:
http://www.focal.ca/pdf/mercosur.pdf

The Canadian Foundation for the Americas (FOCAL) is an independent policy institute based in Ottawa that fosters informed analysis, debate and dialogue on social political and economic issues facing the Americas. We support a greater understanding of these issues in Canada and throughout the region. FOCAL was founded in 1990 and has a full time staff of 12 people. The Board of Directors provides a strategic guidance to the organization and its activities.

The ideas and opinions expressed in this electronic newsletter are those of the authors and do not necessarily reflect those of the Canadian Foundation for the Americas (FOCAL).

To subscribe or unsubscribe to this publication please send an email to: focal@focal.ca.