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Carleton University

**Challenging the FTAA Disconnect: The Political Economy of State-Civil Society
Relations in the Free Trade Area of the Americas Process**

**A thesis submitted to
the Faculty of Graduate Studies and Research
in partial fulfilment of
the requirements for the degree of
Master of Arts**

Institute of Political Economy

by

Michael James Bassett

Ottawa, Ontario

**May 2001
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A handwritten signature in cursive script, appearing to read "L. McDonald", written over a horizontal line.

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Director, Institute of Political Economy

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May 2001

Abstract

While the world's attention has recently been brought to bear on the hemispheric integration process at the Québec City Summit of the Americas, work has relatively quietly been underway since 1994 to create the world's largest free trade bloc -- the Free Trade Area of the Americas (FTAA). The FTAA negotiations represent a turning point in trade negotiations for civil society through the creation of the Committee of Government Representatives on Civil Society in 1998.

Through the theoretical insights of Polanyi and Gramsci, this thesis examines the relationship between the governments and the civil society actors engaged in the FTAA negotiations. The current framework under which Hemispherism is being conceived and the history of the ideas and practices of Western Hemispherism are examined in order to better understand how governments and various elements of civil society are shaping the integration of the Americas. The role of civil society groups in the FTAA negotiations highlights the weaknesses of the neoliberal approach to globalization and challenges the pluralist approach to civil society.

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Chapter 1

Theoretical Framework

While the world's attention was focused on the fall of communism in Eastern Europe, equally important and dramatic changes were occurring in the countries of Latin America as a world-wide spread of democratization accompanied the end of the Cold War. During the 1980s and the early 1990s formal democracy returned to virtually all countries in the Western Hemisphere and a dramatic shift in the tenor of hemispheric relations began. Beginning with George Bush's Enterprise for the Americas Initiative and culminating in the ongoing Free Trade Area of the Americas (FTAA) negotiations, relations between the countries of the Americas dramatically improved, and Western Hemispherism, also known as Pan-Americanism, received an unprecedented burst of energy.

This thesis examines the relationship between the governments and the civil society actors engaged in the FTAA negotiations. Through an examination of the current framework under which Hemispherism is being conceived, and the history of the ideas and practices of Western Hemispherism, we will be better able to understand how governments and societies are shaping the integration of the Americas. The role of civil society groups in the FTAA negotiations highlights the weaknesses of the neoliberal approach to globalization and

challenges the pluralist approach to civil society.

The FTAA negotiations are unique in the evolution of free trade negotiations because for the first time efforts have been made to recognize officially the opinions of civil society through the creation of a committee on civil society. The reasons for states' support of some forms of civil society engagement are varied and they differ between and within states. That being said, it is nevertheless possible to discern that the underlying theme of this engagement has been for states to use civil society activity to push for concessions in the international negotiations in order to respond to domestic pressures. The domestic situation of the United States has played a fundamental role in guiding the level of civil society engagement in the FTAA. The support for civil society engagement should be primarily understood as a tactic used by states to build support for the FTAA.

Volumes of work have been produced since the early 1990s that have attempted to explain the vast changes that have occurred under what is known as globalisation. With the end of the Cold War, the dominant framework for conducting political, economic and social analysis was rendered irrelevant. Until recently, the majority of politicians, journalists, economists and some theorists have used this change to declare the triumph of the neoliberal system. This victory, in their minds, represents the ultimate triumph of the neoliberal capitalist system and some, such as Francis Fukuyama, have declared this to be the "end

of history.”¹

In his book, *The End of History and the Last Man*, Fukuyama articulates the vision of those who see the growth of neoliberal globalisation as the final stage of world ideology. Only recently has this neoliberal confidence been somewhat shaken by the criticisms leveled at neoliberal globalisation. While the 1999 Seattle protests against the World Trade Organization (WTO) have been generally understood as the first major manifestation of these challenges, we will see that opposition to neoliberal globalisation was present before Seattle. Nevertheless, for a vast majority of the politicians and economists engaged in the global political economy, confidence in the triumph of the market and of neoliberalism continues to be taken largely for granted.

This study adopts a critical position towards the neoliberal model and demonstrates the strength of this approach in understanding the dynamics of the negotiations surrounding the FTAA. Through an analysis of the FTAA negotiations and the engagements of civil society actors surrounding these negotiations, we can improve our understanding of how neoliberalism and globalisation are affecting the Western Hemisphere. The most beneficial aspect of a focus on civil society participation in the FTAA is that it allows us to examine the political, economic and social interactions in the hemispheric integration process and highlights the power relations in this process.

The economic analysis that provides the foundation for neoliberalism is

¹ Francis Fukuyama, *The End of History and the Last Man* (New York: Free Press, 1992).

based upon theories that have become increasingly focused on the analysis of mathematical models that abstract from reality and presume that the realm of the economy is disconnected from social and political considerations. As a consequence, these theories have become increasingly disconnected from political economic reality.

Contemporary economics argues that the economic realm is controlled by self-interested individuals whose only purpose is to maximize their utility through demand and supply. The field of economics has treated the economy as a mathematical phenomenon that can be understood through complex algebraic matrices, calculus and advanced statistical analysis. To improve the functioning of the market, neoliberal economists argue markets must be freed from the constraints of government intervention, and in the international realm they argue there should be unrestricted free trade, subjecting all aspects of life to the market. As a result, neoliberal politicians and economists have advocated the privatization of all aspects of society and the removal of the state from economic affairs.²

There have been periods in world history in which this free trade argument has gained world-wide support and led to the creation of a global economy. The previous period of globalisation lasted from the end of the 19th

² For an example of a neoliberal approach to the economy and trade see Francis Fukuyama, The End of History and the Last Man (New York: Free Press, 1992).

century until the outbreak of the First World War.³ The most recent period of globalisation is said to have begun shortly after the Second World War. As we will see in the following chapter, neoliberal globalisation was adopted throughout the hemisphere in the early 1970s and 1980s.

It is widely recognized that the genesis of neoliberal theories surrounding unfettered free trade can be traced back to the theories of Adam Smith and his combination of the concepts of laissez-faire and the invisible hand of the market. In *An Inquiry into the Nature and Causes of the Wealth of Nations*, first published in 1776, Smith drew upon French physiocratic thought concerning the laissez-faire approach to the economy and English and Scottish moral philosophy concerning the nature of human existence to develop the concept of the invisible hand of the market.

In late 17th century France, the French physiocrats, particularly the writings of Pierre de Boisguilbert, advanced the doctrine of laissez-faire which urged government to completely remove themselves from the functions of the economy. By combining these theories with English moral philosophy, exemplified by Thomas Hobbes's *Leviathan*, which argued men are ruled by self-interest, Smith created the theory of the invisible hand of the market. This invisible hand was theorized to coordinate the economy in the most efficient

³ See Paul Hirst and Grahame Thompson, Globalization in Question: The International Economy and the Possibilities of Governance (Cambridge: Polity Press, 1996) for an examination of the earlier phase of globalisation. While the authors use this evidence to challenge the idea that the current era is new, their analysis nevertheless provides a useful examination of this earlier phase.

manner by allowing self-interested individuals to guide the economy towards the most efficient ends.⁴

Neoliberal theorists have taken this element of Smith's writing as the foundation for the discipline of economics and for neoliberal thought. Smith's theory of the invisible hand of the market is applied internationally through appeals for neoliberal free trade. This form of free trade relies upon concepts developed by David Ricardo surrounding comparative advantage. Comparative advantage can best be understood as the argument that so long as a country has a relative advantage in any commodity, whether that be higher productivity or lower labour costs, engaging in trade will be beneficial.

According to this theory, these benefits will accrue irrespective of the absolute advantages within either country. This paradigm argues that trade will lead to increased competitiveness and this will lead to growth. The increased growth will then lead to poverty reduction, economic development and sustainable economic practices through efficient use of natural resources. Neoliberal approaches understand free trade to be the natural condition of the international economic system.

This study will approach the discussion surrounding the FTAA negotiations through an interdisciplinary approach that rejects the separation of the social, political and economic realms. This interdisciplinary approach is

⁴ This section draws heavily upon Chapter 4: "Physiocracy and Moral Philosophy" and Chapter 5 "Adam Smith's Case for Free Trade," in Douglas A. Irwin, Against the Tide: An Intellectual History of Free Trade (Princeton, New Jersey: Princeton University Press, 1996), 64-86.

essential in the analysis of the free trade agreements (FTAs) that have arisen in the past 20 years. Neoliberal free trade has become the dominant framework for discussing prosperity in the world; however, the political and social impacts of free trade are not adequately addressed by the neoliberal approach. The FTAs negotiated in recent history are more concerned with the development of legal frameworks and rights for economic actors than the reduction of economic barriers.

The principle weakness of neoliberal approaches is that they lack an analysis of relations of power. Once relations of power are incorporated into an analysis of free trade, several weaknesses of the neoliberal paradigm become evident. One observation, made by Immanuel Wallerstein, which illustrates a weakness of neoliberal arguments is that, "the hypothetical free market, so dear to the elucubrations of economists, one with multiple buyers and sellers, all of whom share perfect information, would of course be a capitalist disaster."⁵ It would be a capitalist disaster because the central point of the theoretical free market is that profits will be reduced to zero when the market is allowed to function at its most efficient level.

In contrast to the neoliberal paradigm, this study will demonstrate that self-regulated markets and market society are not spontaneous creations that emerge in an evolutionary manner. Markets are created and supported by very

⁵ Immanuel Wallerstein, "States? Sovereignty? The dilemmas of capitalists in an age of transition," States and Sovereignty in the Global Economy Eds. David A. Smith, Dorothy J. Solinger and Steven C. Topik, (New York: Routledge, 1999), 25.

explicit interventions from states and by dominant classes. The state interventions that were, and continue to be, necessary to create the self-regulating market will be shown through a combination of the theoretical frameworks of the Hungarian economic-anthropologist Karl Polanyi and the Italian communist Antonio Gramsci. These theorists also highlight the importance of power relations between states in the FTAA negotiations, as well as power relations within civil society.

While the combination of the insights of Polanyi and Gramsci might seem to be a contradictory and problematic endeavour, it will be seen that these theorists indeed complement each other. It is surprising, considering this complementarity, to note that few attempts have been made to combine these perspectives. One exception is an article by Vicki Birchfield titled "Contesting the hegemony of market ideology: Gramsci's 'good sense' and Polanyi's 'double movement'." In this article Birchfield proposes a theoretical framework based upon the writings of Gramsci and Polanyi in what she says is an effort to challenge the neoliberal conception of globalisation. She states that the goal is to "demonstrate that Polanyi's critique of the self-regulating market and his discernment of society's 'double movement,' when linked to Gramsci's theory of ideological hegemony and his notion of 'good sense,' supply vital components of a critical theorization of globalization as well as practical strategies of resistance

to the anti-politics of market ideology.”⁶ This study seeks to build upon the foundations laid by Birchfield and expand upon the concepts derived from these theorists in order to provide insights into the FTAA negotiations.

This thesis adopts a Gramscian historical materialist perspective based on Gill’s understanding that this perspective, “looks at the system from the bottom upwards, as well as the top downwards, in a dialectical appraisal of a given historical situation: a concern with movement, rather than management.”⁷ This approach encourages an examination of social totality which argues that history and political economy can only be understood by an examination of social relations, rather than by the examination of singular social actors, such as states or firms. It also recognizes the importance of ideas in effecting history. As a result of this historical materialist perspective, the FTAA negotiations must be located within the broader context of neoliberal globalisation and of the global political economy.

Through a political economy method and methodology,⁸ the intention has been to reflect on the social totality within which the FTAA negotiations are located. This research project has struggled to do more than vaguely gesture at interdisciplinarity by examining economic, social and political literature.

⁶ Vicki Birchfield, “Contesting the hegemony of market ideology: Gramsci’s ‘good sense’ and Polanyi’s ‘double movement’,” Review of International Political Economy 6.1 (1999): 29.

⁷ Stephen Gill, “Epistemology, Ontology and the ‘Italian School’,” Gramsci, Historical Materialism and International Relations Ed. Stephen Gill, (Cambridge: Cambridge University Press, 1994), 25.

⁸ See Appendix A for an examination of the methodology and method that were used in researching this thesis.

Personal interviews and critical assessment of data have also been conducted in order to more fully understand state-civil society relations in the negotiations.

The historical periods that both Polanyi and Gramsci wrote in were crucial in the development of their theories, which were developed for application to a specific time and location. It is important to briefly locate the theorists in order to help us to understand the relevance of their theories and to hint at any adjustments that must be made in order to apply them to the FTAA negotiations.

Karl Polanyi

Polanyi's *The Great Transformation* laid out his political economic analysis of the creation of the self-regulating market and the consequences of its creation. Polanyi's analysis focused on two important themes. The first theme was a detailed explanation of the steps the state had taken to establish the self-regulating market. The second important contribution of his work is the analysis of the ethical and cultural implications of the free market on society and the resulting societal reaction.

Polanyi wrote *The Great Transformation* with the intention of explaining the causes of the depression and the growth of Nazism: "*The Great Transformation*, then, must be understood from the outset to have been conceived and written in the desperate and passionate belief that only by comprehending the institutions and ideas that had caused catastrophic depression, viciously aggressive fascism, and devastating world war might the

post-war world escape these inter-related scourges.”⁹ While their analysis was different, we will see that both Polanyi and Gramsci were motivated by a passion to understand how the market system had created the conditions that led to the Second World War.

The Polanyian approach challenges the neoliberal paradigm by arguing state intervention is necessary in order to create and maintain the conditions needed for the self-regulating market. Polanyi argues the self-regulating market is anything but self-regulating and that “the introduction of free markets, far from doing away with the need for control, regulation, and intervention, enormously increased their range.”¹⁰ Throughout *The Great Transformation*, Polanyi’s analysis demonstrates how the self-regulating market requires increased intervention in the economy from the state. Polanyi saw the Poor Law Reform Act of 1834 that created the free labour market in England as the beginning of the self-regulating market.

Polanyi’s analysis of the self-regulating market provides a powerful critique of the neoliberal contention that the self-regulating market is created spontaneously. It draws our attention toward the ways in which the contemporary free market has been created by state intervention. Polanyi’s analysis will be further refined when coupled with Gramscian theoretical approaches to hegemony and the historic bloc.

⁹ Walter Goldfrank, “Fascism and *The Great Transformation*,” *The Life and Work of Karl Polanyi* Ed. Kari Polanyi-Levitt, (Montréal: Black Rose Books, 1990), 87.

¹⁰ Karl Polanyi, *The Great Transformation* (Boston: Beacon Press, 1957), 140.

Antonio Gramsci

The particular circumstances under which Gramsci developed his theoretical concepts present certain challenges to the application of these theories. Due to Gramsci's involvement in the Italian Communist Party, he was arrested in November 1926 and it was in prison that he developed his theoretical approach. Gramsci began to write his *Prison Notebooks* in 1929, and his major theoretical themes were developed between 1930 and 1933.

Gramsci's writings in the *Political Notebooks* were directed at understanding the specific circumstances that led to the rise of capitalism with the aim of reforming the Italian state into a socialist state. Gramsci's theories have been criticized as being contradictory and confused. While some of this criticism is somewhat appropriate, one must always keep in mind the circumstances under which the theories were conceived. Gramsci's writings represent a process that was never completed as he died before the notebooks were revised. Another source of confusion arises because Gramsci was addressing the particular structure of the Italian state in a specific historical period. *The Prison Notebooks* must therefore be understood as a process in which the intention was not to create an overarching theoretical model, but to provide direction and understanding for praxis. As a result of the seemingly contradictory nature of some of the concepts in *The Prison Notebooks*, Paul Ransome argues it is useful to approach Gramscian theory as "a kind of crustacean; a whole which adheres in a general way but whose individual

elements may not always be entirely consistent with one another."¹¹

Crucial to understanding how states and interested elites are able to create the conditions for the self-regulating market is the Gramscian concept of hegemony. While Polanyi's insights direct us towards the knowledge that the self-regulating market is not a spontaneous creation, the Gramscian concept of hegemony illustrates the manner in which this creation is maintained. As a result of Gramsci's efforts to apply the concept to a specific historical period, several different understandings of hegemony emerge in *The Prison Notebooks*. This has led some to note, "the concept of hegemony has prompted a variety of interpretations; each interpretation has served as a convenient tool with which scholars and activists alike have managed to produce their own Gramsci."¹²

Gramscian hegemony should be approached with an understanding that social change is central to all applications of this concept. This theory is not a static, abstract approach to social relations since it places central importance on understanding how dominant groups remain dominant: "For Gramsci, in other words, the successful overthrow of the bourgeoisie depends upon a satisfactory analysis of how this class itself holds power."¹³

Gramscian hegemony places central emphasis on understanding how the economic system arises and is maintained through the activities of social actors.

¹¹ Paul Ransome, Antonio Gramsci: A New Introduction (Toronto: Harvester Wheatsheaf, 1992), 132.

¹² Teodros Kiros, Toward the Construction of a Theory of Political Action: Antonio Gramsci: Consciousness, Participation and Hegemony (New York: University Press of America, 1985), 245.

¹³ Ransome, 135.

In the analysis of the FTAA, and of neoliberal globalisation in general, the analysis should therefore examine how neoliberalism was brought to the hemisphere and by whom. Some misplaced criticisms of Gramscian hegemony have challenged the concept by arguing it does not allow for spheres of resistance.¹⁴ In fact, the importance of cracks and fissures within hegemony is one of the central features of Gramscian analysis. As Adamson has noted, "Gramsci's hegemony is not a static concept but a process of continuous creation which given its massive scale, is bound to be uneven in the degree of legitimacy it commands and to leave some room for antagonistic cultural expressions to develop."¹⁵ Hegemony, in the Gramscian sense, is infinitely variable and adjusts to each society in the combination that is most effective for the power holders in that society.

While Gramsci argued that the construction of hegemony is possible through a combination of force and consent, he also argues that the most effective forms of hegemony are those that are not reliant on force. Indeed, for Gramscian hegemony, the use of force is seen to illustrate a weakening of the hegemonic framework. The most effective hegemonic framework requires no force as society disciplines itself because the hegemonic system is seen to be "natural."

¹⁴ James C. Scott, Domination and the Arts of Resistance: Hidden Transcripts, (London: Yale University Press, 1990), 91.

¹⁵ Walter L. Adamson, Hegemony and Revolution: A Study of Antonio Gramsci's Political and Cultural Theory, (Berkeley: University of California Press, 1980), 174.

In contrast to the traditional conception of hegemony, which entails material power over something, the Gramscian approach requires a different understanding of power. It can best be understood as reflecting Steven Lukes' concept of a three-dimensional view of power. Lukes argues power can be exerted through the creation of another individual's conceptions of what they want and need. He asks, "is it not the supreme exercise of power to get another or others to have the desires you want them to have – that is, to secure their compliance by controlling their thoughts and desires?"¹⁶ This view implies a much broader understanding of power that argues current social relations are historically constructed manifestations of hegemonic power.

Therefore, from a Gramscian perspective, power can be understood as a social relation. Implicit is the notion that power can be exerted by sections of society other than the state. As Ransome argues, "social control is maintained by a combination of force and consent, and that although these forms of control are usually associated with the State and civil society respectively, either means of social control is available within both institutional realms."¹⁷ By recognizing that civil society is implicated in the maintenance of hegemony, we are better able to understand how elements of civil society support the hegemonic framework of the FTAA and neoliberal globalisation.

Gramscian hegemony should also be understood as different from

¹⁶ Steven Lukes, Power: A Radical View (London: British Sociological Association, 1974), 23.

¹⁷ Ransome, 143.

functionalist hegemony, also known as consensus theory. The functionalist theory of hegemony argues that in order to achieve hegemonic rule, consensus must be established throughout society. This interpretation of hegemony negates the opportunity for resistance and praxis. As Leslie Sklair argues, "what is lacking in the functionalist theory of hegemony, and what renders it quite inferior to Marxist theories of hegemony is a concept of interests, particularly class interests."¹⁸ The failure to address class interests and power relations more generally greatly reduces the usefulness of functionalist theories of hegemony.

One useful example the promotion of hegemony as natural is provided in the context of trade negotiations through the appeals to the universal values of poverty alleviation and growth used to build support for the agreements. As Ransome argues in his explanation of Gramscian hegemony, "by coopting these universal values into their own world-view and in presenting themselves as the protectors or guardians of these 'rights,' the dominant group is able to present alternative views as largely heretical, and the individuals who put them forward as the 'enemies of freedom'."¹⁹

In the FTAA negotiations, the agreement is publicly portrayed as a guarantor of democracy, the creator of a hemispheric community and as the best option to alleviate poverty and encourage development throughout the Americas. By appropriating the language of social ideals, the historic bloc is works to

¹⁸ Leslie Sklair, "Social movements for global capitalism: the transnational capitalist class in action," Review of International Political Economy 4.3 (1997), 518.

¹⁹ Ransome, 194.

ensure the understandings of these ideals are consistent with the dominance of the historic bloc.

Hegemony should be conceived as a being embedded within the social and cultural foundations of a country and region: "hegemony portrays the larger social framework in which praxis and education fit. It transcends the standpoint of ideology by incorporating culture; at the same time, it does not isolate culture idealistically but remains sensitive to its political underpinnings."²⁰

Closely related to the concept of hegemony is the Gramscian notion of a historic bloc. Gramsci wrote that a historic bloc "results from the organic relations between State or political society and 'civil society'."²¹ The organic links between state and civil society constitute the historic bloc by creating hegemonic leadership for society. The dominant groups work to build hegemonic consent for their policies, and the existing system, through their ability to exert hegemonic power. While Gramsci's analysis viewed the historic bloc as constrained within the State, the concept must be expanded to incorporate factors outside of individual states for the analysis of the influence of neoliberal globalisation.

In understanding the international expansion of the concept of the historic bloc it is useful to refer to Leslie Sklair's analysis of the transnational capital class. She argues the transnational capitalist class is organized in four

²⁰ Adamson, 231.

²¹ Antonio Gramsci, Selections from the Prison Notebooks Eds. Quinton Hoare and Geoffrey Nowell Smith (New York: International Publishers, 1997), 52.

overlapping factions: transnational corporate executives, globalizing bureaucrats, politicians and professionals, consumerist elites (merchants and media). Sklair argues that internationally, the historic bloc "has to struggle to create and reproduce its hegemonic order globally, and to do this, large numbers of local, national, international and global organizations have been established, some of which engage in practices that clearly parallel the organizational forms and actions of what are conventionally called 'new social movements'."²² Sklair highlights three fundamental institutional supports of the neoliberal historic bloc: transnational corporations, the transnational capitalist class and the culture-ideology of consumerism. The transnational capitalist class has played an important role in building support for the neoliberal historic bloc throughout the Americas.

The challenge for historic blocs is not to be hegemonic within simply their own social group but rather to extend that hegemony throughout society. A historic bloc is not hegemonic unless it convinces other groups to support their hegemonic framework. For this reason, Gramsci noted that political education was central in the construction and maintenance of hegemony and the historic bloc. Historic blocs are often unable to exercise their hegemony because they are unable to transmit their ideas throughout society in order to create hegemonic power. The Gramscian concept of the historic bloc challenges the traditional divisions that liberal theorists envisage between states and civil

²² Sklair, 514-515.

society. By drawing attention to the relationships between state and civil society actors, a more complex picture emerges that is better able to reflect the mechanisms that create the economic system. The Gramscian approaches to hegemony and the historic bloc have definite implications for how the state and civil society should be understood.

States

This thesis will demonstrate that, as Gill and Cox have argued, there has been an internationalisation of certain states, whereby these states have seen their sovereignty more compromised than others under globalisation. It is important to remember in the context of the FTAA, that even the most powerful states must build support for their hegemonic vision. Therefore, powerful states maintain the power to exert their sovereignty; nevertheless, all states are important in varying degrees due to their integration into the international historic bloc.

The need to build hegemonic consent illustrates why an expanded approach to the concept of the state is required from a Gramscian perspective. As Gramsci has argued, "the ideas of the Free Trade movement are based on a theoretical error whose practical origin is not hard to identify; they are based on a distinction between political society and civil society, which is made into and presented as an organic one whereas in fact it is merely methodological."²³ From a Gramscian perspective, the role of elements of civil society in the

²³ Gramsci, 159.

support for the state requires an expanded understanding of the state whereby some elements of civil society are included as a part of the state. This expanded conception of the state is very useful for understanding the dynamics of state-civil society relations within the FTAA negotiations and the construction of neoliberal globalisation.

Civil Society

The concept of civil society was first articulated in the late 17th and early 18th centuries in the Western world and was broadly defined to include all areas of public life that fall between the individual and the state. This incredibly broad definition of civil society has enabled the term to be used as a catch-all whose definition can be interpreted in many different ways.

In the liberal pluralist tradition, civil society is seen as an inherently positive development that will strengthen democracy. It is also seen to be a realm of activity that is completely separate from the state. The pluralist approach, "describes all policy making as a result of vectors, each vector often consisting of the influence of some group. All groups who wish to be admitted are, according to pluralist thought, admitted to the process."²⁴ Power relations are not addressed within the pluralist school of thought. We will see that the definition of civil society that is used in the FTAA negotiations is derived from the pluralist understanding of civil society.

²⁴ Charles Lindblom, "The Market as Prison," The Political Economy: Readings in the Politics and Economics of American Public Policy Eds. Thomas Ferguson and Joel Rogers, (New York: M.E. Sharpe, Inc., 1982), 10.

However, while the definition of civil society is pluralist, the practice of civil society is much closer to the Gramscian understanding. Gramsci's writings are somewhat contradictory surrounding the issue of civil society. For example, at times he discusses civil society as an element of political society and the state, while at others, civil society is opposed to the state and a key component of the counter-hegemony. Some elements of civil society build support for the historic bloc, while there are others who challenge the hegemonic framework. While Gramsci maintains the Marxist emphasis on class relations for the basis of the counter-hegemony, it is useful to expand this class based analysis by recognizing the important role of other elements of civil society.

For this thesis a conceptual distinction has been made within civil society between business elements of civil society and social civil society. These categorisations make a distinction within civil society between the two elements of the double movement. The business elements of civil society work to support the neoliberal historic bloc, while groups within social civil society represent a component of the protective movement against the self-regulating market. While these distinctions are useful for our analysis, it is important to recognize that these categories do not encompass all elements of civil society. Nevertheless, they help to illustrate the different roles of elements of civil society within this analysis.

A Gramscian analysis of civil society illuminates the power relations that exist within and between civil society actors. These power relations play an

important role in the transnational civil society groups that are active in the FTAA negotiations. Andrew Hurrell and Ngaire Woods found, "the politics of transnational civil society is centrally about the way in which certain groups emerge and are legitimised (by governments, institutions, or other groups)."²⁵ The power of states to legitimate certain civil society actors is one area where the power relations within civil society emerge. Relations of power between Northern and Southern civil society groups should not be assumed to be any different than relations between states.²⁶

While we will see that there are some groups that have formed more equitable relations between North and South civil society actors, the analysis must maintain an awareness of the possibilities for unequal power relations to be reproduced by transnational civil society actors.

The construction of market society

A Polanyian approach to the impacts of the self-regulating market varies from the Marxist class-based analysis in order to focus on the ethical and cultural effects on society when it is exposed to market forces. The Polanyian approach demonstrates that the self-regulating market has serious negative consequences for the society; consequences that Polanyi says "would result in

²⁵ Andrew Hurrell and Ngaire Woods, "Globalisation and Inequality," Millennium: Journal of International Studies 24.3 (1995), 468.

²⁶ See for example Laura Macdonald, "Globalising Civil Society: Interpreting International NGOs in Central America," Millennium: Journal of International Studies 23.2 (1994): 267-285, for an analysis of the power relations that exist within civil society groups.

the demolition of society."²⁷ Polanyi argues the construction of the self-regulating market disembeds the economy from society, and this creates a market society. Market society can be understood as embodying the components of Stephen Gill's articulation of market civilization as one which, "tends to generate a perspective on the world that is ahistorical, economistic, materialistic, 'me-oriented,' short-termist, and ecologically myopic."²⁸

Polanyi argues elements of society will automatically and immediately react against the imposition of the self-regulating market through the double movement. He contends the double movement is society's reaction to the self-regulating market through a protective counter-movement "aimed at the conservation of man and nature."²⁹

Central to Polanyi's analysis of the double movement is his development of the concept of the three fictitious commodities. He argues these three commodities could not be subject to the forces of the self-regulating market without invoking serious negative consequences for society. For Polanyi, the three fictitious commodities are labour, land and money. The self-regulating market treatment of labour implies a lack of wage constraints and a removal of worker protections. By treating labour as a mere commodity, no accounting is made for the long term consequences on workers or whether their wages

²⁷ Polanyi, 73.

²⁸ Stephen Gill, "Globalization, Market Civilization, and Disciplinary Neoliberalism," Millennium: Journal of International Studies 24.3 (1995), 399.

²⁹ Polanyi, 132.

provide a living wage. While Polanyi refers to the second commodity as land, it should be understood as the environment. The self-regulating market treatment of the environment entails treating natural resources only for their economic potential without examining the environmental impacts of these goods. The treatment of money as an unrestricted commodity enables the deregulation of exchange rates and the creation of markets for currencies.

While Polanyi's analysis provides an explanation for the double movement it is largely silent on the tactics and methods that these movements would use to challenge the self-regulating market. Gramscian analysis provides insights into the tactics of the double movement and also highlights the challenges to this double movement arising from the historic bloc. Gramsci noted, "subaltern groups are always subject to the activity of ruling groups, even when they rebel and rise up: only 'permanent' victory breaks their subordination, and that not immediately."³⁰

In a Gramscian perspective, this permanent victory will occur as a result of the war of position. This notion is derived from Gramsci's dual conception of civil society, which differentiates between groups in civil society. The war of position was a challenge to the Marxist ideology that argued all efforts at reform are fruitless. Gramsci argued that the strength of the integrated political and civil society created by the historic bloc could not be replaced merely by overthrowing the political system. The strength of the historic bloc lies in the

³⁰ Gramsci, 55.

combination of the state which is supported by the trenches and permanent fortifications of civil society. Therefore, any attempt to overthrow the historic bloc would be unsuccessful without first eroding the foundations of that bloc lying in elements of civil society.

For Gramsci, the war of position is the strategy aimed at undermining the historic bloc. In much the same ways as the hegemonic power is achieved through the diffusion of ideas and concepts, the war of position is also understood as constituting a battle for the minds and hearts of society. Gramsci, however, does not rule out the use of force or violence as a means to provoke change. As Ransome notes, "in the same way, therefore, that hegemony should be seen as operating through a *combination* of force and consent, the war of position should also be seen as a new form of revolutionary practice which *combines* the tactics of position and frontal attack within a single overall strategy."³¹ The war of position should be understood as an effort to secure hegemonic influence by the counter-hegemony.

Gramsci argues intellectuals are central actors in the war of position. However, it is important to note that intellectuals in the Gramscian sense does not refer to a specific title or educational level. For Gramsci, "every social group, coming into existence on the original terrain of an essential function in the world of economic production, creates together with itself, organically, one or more strata of intellectuals which give it homogeneity and an awareness of its

³¹ Ransome, 148.

own function not only in the economic but also in the social and political fields."³²

This is important because the majority of the public challenges to the FTAA arise from individuals and groups that are not traditionally seen as intellectuals. Therefore the strategies of civil society actors to raise awareness and promote a counter-cultural understanding of free trade through teach-ins, boycotts, non-violent and violent demonstrations should be understood as elements of the war of position.

Two interrelated concepts derived from Gramscian theory highlight what the dominant groups' reactions would be to counter-hegemonic challenges. Through the notions of a passive revolution and *trasformismo* our analysis is alerted to the challenges faced by efforts to challenge neoliberal globalisation. The passive revolution is a strategy of the historic bloc to challenge the growth of the counter-hegemonic bloc through various tactics. This strategy is only available to the dominant historic bloc because it includes the incorporation and cooptation of the counter-hegemony. The dominant group in society undertakes a "constant reorganization of state power and its relationship to society to preserve control by the few over the many, and maintain a traditional lack of real control by the mass of the population over the political and economic realms."³³

One of the ways in which the dominant groups are able to maintain

³² Gramsci, 5.

³³ Anne Showstack Sassoon, "Passive Revolution and the Politics of Reform." Approaches to Gramsci, Ed. Anne Showstack Sassoon, (London: Writers and Readers Publishing Cooperative Society Ltd., 1982), 129.

control and subvert challenges is through what Gramsci calls *trasformismo*. This consists of attempting to coopt the leaders of counter-hegemonic groups by offering them concessions and to bring them into the dominant group. The practice of passive revolution is very important for the analysis of the civil society challenges to free trade that have occurred under globalisation. The passive revolution and *trasformismo* constitute the reasons why Robert Cox has said with regards to Gramscian hegemony: "Hegemony is like a pillow: it absorbs blows and sooner or later the would-be assailant will find it comfortable to rest upon."³⁴

By drawing upon the theories of Polanyi and Gramsci, the weaknesses of the neoliberal paradigm will be demonstrated. These theories will also highlight the power relations between civil society and states in the FTAA negotiations. There is a need to critically assess the dialogue surrounding the FTAA in order to determine how the negotiations have proceeded and where they will lead.

Brief Literature Review

Most of the academic literature that has emerged surrounding the FTAA is highly economic and uncritically adopts the neoliberal argument for increased unfettered trade as the best way to achieve prosperity. Books published on the FTAA, such as *The Premise and the Promise: Free Trade in the Americas*, *Integrating the Americas: Shaping Future Trade Policy*, and *Trade Rules in the*

³⁴ Robert W. Cox, "Gramsci, hegemony and international relations," Gramsci, Historical Materialism and International Relations, Ed. Stephen Gill, (Cambridge: Cambridge University Press, 1993), 63.

Making: Challenges in Regional and Multilateral Negotiations,³⁵ examine the hemispheric integration process through the neoliberal lens and are concerned with the analysis of comparative advantage and whether the agreement might strengthen or weaken the multilateral trading environment established by the WTO. The primary focus of this FTAA literature is on the different proposals over how to best integrate the numerous existing regional trade agreements in the hemisphere.³⁶

Another strand of academic literature has emerged which focuses on influencing the content of the agreement. This literature is largely dominated by economic and business perspectives, but there has also been a small body of work that has been published regarding the inclusion of non-standard trade issues in the FTAA, such as labour and the environment. While these articles do question some aspects of neoliberalism, the vast majority do not question the fundamental neoliberal foundations of free trade agreements. This study separates itself from the existing literature in two important ways. The first

³⁵ See Sylvia Saborio Ed. The Premise and the Promise: Free Trade in the Americas (New Brunswick, N.J.: Transaction Publishers, 1992), Sidney Weintraub, Ed Integrating the Americas: Shaping Future Trade Policy (New Brunswick, N.J., Transaction Publishers. 1994), Miguel Rodriguez Mendoza, Patrick Low, and Barbara Kotschwar Eds. Trade Rules in the Making: Challenges in Regional and Multilateral Negotiations (Washington, D.C., Brookings Institution Press. 1999).

³⁶ See for example, Frank J. Garcia, "NAFTA and the Creation of the FTAA: A Critique of Piecemeal Accession" Virginal Journal of International Law 35.3 (1995): 539-586; and Jeffrey Frankel, Ernesto Stein and Shang-jin Wei. "Trading blocs and the Americas: The natural, the unnatural and the super-natural," Journal of Development Economics, 47 (1995): 61-95; Arie M. Kacowicz, "Regionalization, Globalization, and Nationalism: Convergent, Divergent, or Overlapping?" Alternatives, 24 (1999): 527-556; John A. Kroll, "Trading blocs and multilateralism: complementary or contradictory trade policies?" Christos C. Paraskevopoulos, Ricardo Grinspun, and George E. Eaton Eds. Economic Integration in the Americas (Brookfield, US: Edward Elgar Publishing Ltd. 1996), 253-266; and, Brian E. Morrissey, "Building the Free Trade Area of the Americas: A Proposal by Canada," Arizona Journal of International and Comparative Law 14.2 (1997): 299-304.

aspect is through this study's challenge of the neoliberal ideological positions and the second is through its focus on the processes of the negotiations themselves.

While there is a wealth of popular reports on the role of civil society in the FTAA,³⁷ there is a surprising lack of academic analysis. The academic work that has emerged includes Yasmine Shamsie's article "Engaging with Civil Society: Lessons from the OAS, FTAA, and Summits of the Americas," which examines civil society actors in the hemispheric integration initiatives.³⁸ Shamsie focuses on the integration of civil society groups into multilateral instruments and processes and highlights six core issues. These are: governance principles such as democracy, representation and accountability; political concerns such as United States leadership, foreign dominance and domestic political issues; the motivations of multilaterals for inviting civil society organisation participation; the motivations of civil society organisations for seeking to influence the work of multilaterals; organizational issues; and, issues related to the adoption of mechanisms of consultation.

Other work on the relationship between the FTAA and civil society groups is provided by Laura Macdonald. Macdonald's papers "Globalization and Representation: The Role of Civil Society and Political Parties in the Free Trade

³⁷ See for example, FOCAL, "Adapting to a New Playing Field? Civil Society Inclusion in the Hemisphere's Multilateral Processes," (Ottawa: Canadian Foundation for the Americas, 2000).

³⁸ Yasmine Shamsie, "Engaging with Civil Society: Lessons from the OAS, FTAA, and Summits of the Americas," (Ottawa: The North-South Institute, 2000).

Area of the Americas," "Citizenship, Participation and the Public Sphere in the Americas," and "Are the Dangerous Classes at the Table? Civil Society and the Free Trade Area of the Americas" examine the impact of civil society on the FTAA negotiations from a critical Gramscian perspective.³⁹ This project seeks to build upon the foundations laid by these authors and expand upon their analysis of civil society relations in the FTAA negotiations.

The outline of the project

The next chapter will provide historical context to the hemispheric integration process. It will highlight both Latin American and North American integration and provide an explanation of some of the regional agreements that have been created throughout the region. This section will also examine previous efforts to create a hemispheric integration project. The hemispheric integration initiatives will be examined from the initial efforts made at the end of the 19th century through the hostility and animosity that dominated hemispheric relations for much of the 20th century. The important changes that have occurred in the 1990s are given a more detailed analysis as the foundations laid by regional integration efforts for the FTAA are examined. The role of civil society groups will also be explored in the context of these agreements.

Through an examination of these integration efforts it will be demonstrated how

³⁹ Laura Macdonald, "Globalization and Representation: The Role of Civil Society and Political Parties in the Free Trade Area of the Americas," forthcoming International Journal of Political Science (2001); "Citizenship, Participation and the Public Sphere in the Americas," Robarts Centre (2001): 04 April 2001 <<http://www.robarts.yorku.ca/pdf/Macdonald.PDF>>; and, "Are the Dangerous Classes at the Table? Civil Society and the Free Trade Area of the Americas," Robarts Centre (2000): 30 August 2000 <<http://www.robarts.yorku.ca>>.

the neoliberal global political economy was created by state intervention and did not arise spontaneously.

The third chapter will examine the FTAA process itself. The focus will be on the period from the first Summit of the Americas in 1994 until right before the Second Summit in 1998. The analysis will illustrate how distinctions must be made within civil society in order to demonstrate the power disparities that exist between the groups. The defeat of the United States Presidential Fast-Track and the OECD's MAI will be examined in order to illustrate the changing nature of state-civil society relations in international negotiations.

The fourth chapter will examine the creation and implementation of the Committee of Government Representatives on Civil Society (CGR) in the period leading up to the Quebec Summit of the Americas in April 2001. This section will examine the challenges that have faced the CGR and civil society participation in the FTAA negotiations. The actions for and against the CGR will be addressed as will be the perceived impact it has had upon the FTAA negotiations. The motivations for the creation of the CGR will be examined in order to understand what this change in negotiating strategies means for the neoliberal historic bloc.

The final chapter will highlight the lessons that can be drawn from the FTAA process for the study of neoliberal globalisation in the Western Hemisphere and the rest of the world. The weaknesses and shortcomings of the analysis will also be addressed in order to outline further areas of research.

Chapter 2

Foundation: The Historical Origins of Western Hemispherism and the Creation of Neoliberalism in the Americas

The theoretical framework outlined in the first chapter emphasises the need to adopt a historical approach to understanding political economic processes such as the FTAA. The following chapter will examine the changes within the hemisphere that led to the establishment of the self-regulating market throughout the Americas. This approach will challenge the neoliberal paradigm by demonstrating the specific state interventions that were required to impose the self-regulating market. This analysis will highlight the importance of power relations between the countries of the Americas in order to demonstrate that some states are more able than others to enforce their sovereignty.

While civil society groups played a much less public role in early efforts to integrate the Americas, these groups have taken a much more public role since the late 1980s. Although these groups were not internationally active in the early history of hemispheric integration, it should not be forgotten that both supportive and counter-hegemonic elements of civil society were active domestically in all of the countries of the Americas.

The historical context for this study is given through an examination of initial approaches to western hemispherism and the various regional integration

efforts in the Americas. From this, the specific state initiatives that launched the neoliberal restructuring of the countries of the Americas that occurred throughout the last 30 years of the 20th century will be examined. Due to their importance for the FTAA, the role of elements of civil society in the NAFTA will be examined. The NAFTA also provides the economic foundations for the FTAA.

The Western Hemisphere Idea

Discussion surrounding hemispheric integration has generally occurred through two very different perspectives which roughly can be understood as those emanating from the South and those from the North. Both of these approaches have in common the "Western Hemisphere Idea" that argues the "peoples of this hemisphere stand in a 'special relationship to one another' that sets them apart from the rest of the world."¹ The role of the United States in hemispheric integration is paramount because it has been, and continues to be, a decisive factor in hemispheric integration efforts.

Canada has had a relatively low profile in hemispheric politics up until the 1990s. When the country did begin to engage with the hemisphere, it played a significant role in changing the nature of the hemispheric dialogue.

The most important factor in hemispheric integration has been the conceptualisation of the idea that there is a bond between the countries of the Americas. The first articulation of the "Western Hemisphere Idea" came from the

¹ Javier Corrales, "Why did it take 200 years?" Summitry in the Americas: A Progress Report Richard E. Feinberg Ed. (Washington: Institute for International Economics, 1997), 13.

fifth United States President James Monroe. Monroe drafted the Monroe Doctrine in 1823 which declared that the countries of the Americas were independent and no longer subject to the traditional colonial powers. The Monroe Doctrine was important because it articulated the idea that the countries of the Western Hemisphere have a common bond that is distinct from the other regions in the world. The idea of a special relationship between the countries of the Americas has been used in order to provide support for the various efforts to integrate the Americas.² This idea has primarily been used to build support for efforts to encourage economic exchanges, rather than to work towards building understanding and communication between the peoples of the Americas. The social aspects of integration have been ignored in order to focus on the economic interests of individual states under the pretense of building a hemispheric community.

The history of Pan-Americanism begins with the efforts of one of Latin America's most revered historical figures -- Simon Bolivar. It was Bolivar whose vision of a united Latin America provoked him to hold the Assembly of Plenipotentiaries of the American States in Panama in 1826. The 1826 assembly, also known as the Antifictionic Congress, had as its primary aim the unification of South America. Newly liberated from Spain, many of the countries of Latin America were attracted by Bolivar's vision. However, the meeting was

² For an examination of the Monroe Doctrine and early Western Hemispherism see Arthur Preston Whitaker, The Western Hemisphere Idea: Its Rise and Decline, (Ithica N.Y.: Cornell University Press, 1954).

prevented from being a success by fears of Northern domination. These fears were manifested by the refusal of both Chile and Argentina to participate in the meeting and by the rejection of integration proposals by other countries. Despite the failure of the Antifictionic Congress, the legacy of the meeting and Bolivar's vision have been paramount in discussions surrounding hemispheric integration.³

In 1889, the United States put forward its first proposal for the integration of the Americas through the First International Conference of American States. The conference was organized by U.S. Secretary of State James G. Blaine who convened the meeting with the hope that it would lead to the creation of a hemispheric customs union. Other economic matters on the agenda included the establishment of regular communications between American ports, the construction of a Pan-American railway, the establishment of customs regulations, standards and measures, the creation of laws to protect copyrights and trademarks, and the institution of a common silver coin. Despite the formidable accomplishment of the creation of a multilateral institution, the International Union of American Republics, the conference was largely deemed a failure because of Argentinian led opposition.

Within a year of the First International Conference of American States, the U.S. had passed the McKinley Tariff Act which substantially raised the

³ This section draws from Joseph Grunwald, The Rocky Road Toward Hemispheric Economic Integration: A Regional Backgrounder with Attention to the Future. (San Diego: Graduate School of International Relations and Pacific Studies University of California, 1992).

already high duties on most imports and reflected a turn in the United States away from the Hemisphere and towards protectionism. Nevertheless, the creation of the International Union of American Republics was a concrete step towards the creation of hemispheric integration. The organisation is an example of the earlier integration efforts and has remained important as it was transformed in 1948 into the Organization of American States (OAS) which has played a central role in the FTAA.

While the Monroe Doctrine called for Latin American independence from colonial powers, the United States retained its ability to intervene throughout the Hemisphere. The United States maintained a clause which allowed them to “exercise international police power” which was used to protect United States interests. These interests included the protection of American property in several countries such as Haiti, Nicaragua, Brazil and Panama.⁴ By the time the second International Conference of American States was held in 1901-02, the atmosphere in the Hemisphere had changed quite dramatically and the idea of a customs union was not on the agenda.

The third articulation of Western Hemispherism came from United States President Franklin Roosevelt who was president during the Great Depression and the Second World War. By this time, the economic bonds between the countries of the Americas and their European founders had been largely eroded

⁴ For a listing of early U.S. interventions see William Blum, “Appendix 2; Instances of Use of United States Armed Forces Abroad, 1798-1945,” Killing Hope: U.S. Military and CIA Interventions Since World War II (Monroe, Maine: Common Courage Press, 1995), 444-452.

and the U.S. dominated almost all of the economies of the Americas. Through this economic dominance, the U.S. was able to build support for the historic bloc throughout the Americas by coopting elements of the hemispheric elite into their hegemonic vision.

Roosevelt's March 1933 inaugural speech launched what was to be known as his Good Neighbor Policy. It was Roosevelt's Good Neighbor Policy that finally began to solidify the independence of Latin America from interference by the United States. The policy revoked several privileges that the United States had reserved for itself in order to facilitate its intervention in Latin America. The United States formally renounced its right to unilaterally intervene in the internal affairs of hemispheric nations at the Montevideo Conference in December 1933. This resulted in the end of the Platt Amendment, which sanctioned U.S. intervention in Cuba, and resulted in the withdrawal of the U.S. Marines from Haiti. The U.S. withdrawal from several interventions in the hemisphere enabled relations to gradually improve.

It is important to note that international factors were also important in this move towards improving relations within the Hemisphere: "recall that Roosevelt's Good Neighbor Policy was inspired by the rise of Axis powers in Europe."⁵ It was hoped that by improving relations between the countries of the Americas that the hemisphere would put forward a common front against the Nazis. The

⁵ Gary Hufbauer, Jeffrey J. Schott, and Barbara R Kotschwar, "U.S. Interests in Free Trade in the Americas," The United States and the Americas: A Twenty-First Century View Eds. Albert Fishlow and James Jones. (New York: W.W. Norton & Company, 1999), 65.

policy was successful and when war broke out Latin American countries supplied strategic raw materials at fixed prices to the United States. For its part, the United States provided production assistance primarily through the Export-Import Bank to Latin American countries.⁶ The war effort provided the highest levels of integration ever experienced between the countries of the Americas; however, the good-will established during Roosevelt's leadership eroded with the beginning of the Cold War.

The period following the Second World War saw a reassertion of U.S. interventions in the Hemisphere. As part of its efforts to stop the spread of communism, the U.S. embarked on several highly questionable interventions in Latin America. They supported coups, military dictatorships and worked against democracy in countries such as Nicaragua. While these interventions provoked anti-U.S. sentiment throughout Latin America, the Cold War strategies of the U.S. also provided the impetus for the next phase of integration efforts.

In 1956, the renamed hemispheric political body, the Organization of American States (OAS), held the first Summit of the Americas in Panama. This meeting commemorated the 1826 assembly that launched Pan-Americanism but was similarly plagued by fears of Northern domination. No concrete measures were announced in the very brief head of state declaration that marked the conclusion of the meeting. Instead, the content of the declaration was five

⁶ Joseph Grunwald, The Rocky Road Toward Hemispheric Economic Integration; A Regional Backgrounder with Attention to the Future (San Diego: Graduate School of International Relations and Pacific Studies University of California, 1992), 4.

general recommendations such as, "an America united, strong and benevolent will not only promote the well-being of the Continent but contribute toward achieving for the whole world the benefits of a peace based on justice and freedom, in which all peoples, without distinction as to race or creed, can work with dignity and with confidence in the future."⁷ Of the 19 heads of state that were brought together for the Summit, 11 were dictators. While this conference was also deemed a failure in terms of its stated objectives, one of the consequences of the conference was that various Latin American integration initiatives arose within a few years of the conference.

The Latin American Free Trade Area (LAFTA) and the Central American Common Market (CACM), both signed in 1960, were the first concrete efforts to create Simon Bolivar's vision of Latin American integration. These two agreements were part of the quartet of regional integration initiatives that arose in the early 1960s. The other two agreements were the Caribbean Free Trade Association (CARIFTA) and the Andean Group. It is important to note that these regional integration initiatives were undertaken in order to limit the influence of the United States, and the rest of the world, on these regions. This structuralist argument was based on a centre/periphery model (supported institutionally by the United Nations Economic Commission for Latin America and the Caribbean) which argued that the countries of Latin America, who were on the periphery,

⁷ Summit of the Americas, "Declaration of the Presidents of the American Republics in Panama, July 22, 1956," Summit of the Americas (1956): 2 December 2000
<<http://www.summit-americas.org/declarat%20presidents-panama%201956-eng.htm>>.

would not benefit from integration with the countries of the core, primarily the United States.

These agreements are important for an examination of the FTAA because although these agreements were initially constructed in order to challenge neoliberal arguments, they have been re-imagined in recent history as a mechanism construct the neoliberal self-regulating market. A brief history of the LAFTA and the CACM will be quickly provided in order to illustrate how the initial failures of these agreements were reinvented in order to begin to impose self-regulating markets throughout the hemisphere.

The LAFTA was signed by Argentina, Bolivia, Brazil, Chile, Ecuador, Peru, Uruguay, Venezuela and Mexico and included somewhat strict provisions calling for the reduction of tariffs. The rigidity of the LAFTA created unreconcilable disputes over tariff rates on certain competing products between LAFTA countries. These disputes led to virtual abandonment of the LAFTA in 1967. The agreement languished until it was replaced in 1980 by the Latin American Integration Association (LAIA) as these countries underwent neoliberal restructuring.

The second Latin American integration effort that began in 1960, the CACM, experienced more success than the LAFTA but it too was unable to fulfill its intention of uniting Latin American countries. The five countries of the CACM -- Costa Rica, Honduras, Nicaragua, El Salvador and Guatemala -- were somewhat successful in increasing regional trade but economic inequalities

between the countries weakened the agreement. By the end of the 1960s, El Salvador and Guatemala had experienced economic prosperity under the agreement, but the other countries lagged far behind. This economic polarization caused stress on the CACM and in December 1970, Honduras withdrew from the agreement. The violent conflicts that plagued Nicaragua, Guatemala and El Salvador during the 1980s effectively put a stop to the CACM until the agreement was reborn in the 1990s as a means to further strengthen the self-regulating market.

The Cuban revolution, and the growth of Latin American regional integration movements provoked the United States to turn its attention towards the hemisphere. Once again the United States put forward its vision of an integrated hemisphere when President John F. Kennedy initiated the Alliance for Progress on August 17, 1961. The Alliance for Progress was different from the previous integration efforts because in the Alliance, "the United States not merely enunciated a special relationship with the countries of the region, but also accepted a special responsibility."⁸ The stated intention of the Alliance for Progress was to develop the region within 10 years. The special responsibility of the United States in the Alliance for Progress was conceived as economic support for hemispheric countries in order to contain communism. The support for the Alliance for Progress was eroded throughout the region because the

⁸ Albert Fishlow, "The Western Hemisphere Relation: Quo Vadis?" The United States and the Americas: A Twenty-First Century View Eds. Albert Fishlow and James Jones, (New York: W.W. Norton & Company, 1999), 20.

policies were unable to counteract the growth of an intellectual climate of anti-hemispherism.

By 1967, the Alliance for Progress had not been successful in increasing development in the region but had provoked increased tensions between the United States and several Latin American countries. With the Alliance for Progress initiative stalled, U.S. President Lyndon B. Johnson made what was to be the last serious attempt at promoting hemispheric integration for 20 years by arranging for a second Summit of the Americas to be held in Punta del Este in 1967. President Johnson called for Latin American economic integration without U.S. participation as an effort to rebuild support within Latin America for U.S. Cold War policies.⁹ Several Latin American leaders were also interested in the Second Summit with the hope of reinvigorating the commitment of the United States to the Alliance for Progress. Despite this effort to allay fears of United States intervention, this meeting was also a failure and no concrete measures resulted from the Summit.

With the failure to make progress at the Summit and the failure of the Alliance for Progress, the United States once again withdrew from discussion of hemispheric integration. The first two Summit of the Americas meetings were intended to solidify the relationship between the countries of the hemisphere, but instead they seemed to indicate the conclusion of efforts for integration. As Javier Corrales has noted, "[t]he 1957 summit brought to a close the period of

⁹ Corrales, 32.

greatest political and military hemispheric cooperation ever (1933-1954) and the 1967 summit ended efforts by pro-Latin American developmentalists and Cold Warriors to overcome the anti-hemispheric sentiments in the region."¹⁰ The military and civil conflicts that erupted throughout the hemisphere after this period also put an end to integration efforts.

Interventions towards the creation of self-regulating markets

The issue of hemispherism may have been put aside once again after the failures of the 1960s, but developments over the following twenty years created the conditions that have led to the most successful integration effort in the history of the hemisphere.

By the late 1960s and early 1970s, the vast majority of Latin American countries had adopted the import-substitution model for economic development which had first been tried by some countries in the 1930s. This model was aimed at increasing the independence of Latin American countries and was also aimed at supporting the domestic economy. There were three main principles of the import-substitution model: the erection of high tariff barriers, the discouragement of direct foreign investment, and the substitution of imported manufactured goods by domestic goods. This economic policy was aimed at reducing the dependence of Latin American countries, but the result was that it led to increased dependence through the accumulation of debt. While the import-substitution model discouraged direct foreign investment, it did not

¹⁰ Corrales, 33.

discourage governments from accumulating large levels of debt. A series of global shocks caused a rapid erosion of the economic foundations of several Latin American countries and opened the countries to the imposition of the self-regulating market.

The first country in Latin America that underwent a neoliberal restructuring was Chile. In 1970, socialist leader Salvador Allende was elected. The United States had worked to prevent him from winning in the 1958 and 1964 elections but they were unable to prevent Allende from winning the presidency in 1970.¹¹ In 1973, a coup backed by the United States resulted in the death of Allende and brought military dictator Augusto Pinochet to power. Pinochet invited a group of economists to help reform Chilean society. The economists were University of Chicago protégées of strict free market supporter Milton Friedman. The "Chicago Boys," as they were known, enacted changes in the Chilean society that mirrored the changes imposed by the state in 19th century England as detailed by Polanyi. Pinochet eliminated unions, weakened labor protections and sold off all state owned enterprises. The reform of the Chilean society was codified through the creation of a new constitution in 1980 that, "allowed corporations wide-ranging freedoms, based on the argument that this would lead to economic growth and political stability."¹² The Chilean state

¹¹ Blum, 206-207.

¹² Sara Larrain, "The Case of Chile: Dictatorship and Neoliberalism," Views From the South: The Effects of Globalization and the WTO on Third World Countries Ed. Sarah Anderson, (Chicago: Food First Books and the International Forum on Globalization, 2000), 156.

actions illustrate the dramatic state interventions that are necessary to create the self-regulating market.

Internationally, several changes also occurred that created the conditions for neoliberal globalisation. Some of these important changes included the decision of United States President Richard Nixon to unilaterally take the U.S. dollar off of the gold standard. By allowing the U.S. dollar to float, Nixon effectively facilitated the treatment of currency as a commodity as all currencies became subject to the forces of the market and to international currency speculation. When this currency fluctuation was coupled with the effects of the two oil shocks, in 1973 and 1979, the economic foundations of many Latin American countries were eroded and this jeopardized their ability to repay the debts they had accumulated. There were also changes occurring internationally with the rise of transnational corporations who were able to make use of these reforms to expand outside of national borders.

By the 1980s, the international political economic changes and the economic weakness of Latin American countries made the debt loads that many Latin American countries were carrying unmanageable. The first country faced with a debt crisis was Mexico, which announced in August 1982 that they could not meet their debt service payments. After this announcement international financial planners stepped in and took control of Mexico's economy.

The International Monetary Fund (IMF) imposed structural adjustment programs (SAPs) on the Mexican economy that remodeled Mexican political

economy much as the Chilean economy had been remodeled ten years earlier. The government was ordered to reduce its role in the economy and the import-substitution model was replaced by an opening of the Mexican economy to trade and foreign investment. Although Mexico was the first country to be faced with a debt crisis, soon several countries throughout the Americas were faced with the need to address the high levels of debt they had accumulated. IMF SAPs caused a dramatic restructuring of the economies and societies of a vast majority of the countries of the Americas.

Since the SAPs acted in the same manner as the changes that Polanyi described in the creation of the self-regulating market, it is not surprising that they also led to a growth in the double movement for self-protection within the societies of Latin America. The SAPs also had a dramatic impact on the evolution of civil society through the development of international coalitions that came together to challenge the imposition of the SAPs. The restructuring of the societies that was occurring under the SAPs was confronted with a Polanyian double-movement that represented a reaction against the imposition of the self-regulating market.

When the region slowly emerged from the debt crisis in the 1990s, several of the necessary conditions had been established to create the self-regulating market and neoliberal globalisation. This period also saw a dramatic change in the political structures in several Latin American countries. The military presidents that had terrorised the majority of Latin American countries

were gradually replaced by elected civilians. These changes included the return of formal democracy to Ecuador (1979), Peru (1980), Honduras (1982), Bolivia (1982), Argentina (1983), El Salvador (1984), Brazil (1985), Uruguay (1985), Guatemala (1986) and Chile (1989).¹³

Another change that would prove to be important for the evolution of hemispheric integration was the decision of the Canadian government to join the OAS in 1990. Before this time, Canada had not been engaged with the hemisphere and had focused its attention on the United Kingdom. While ties between Canada and the Caribbean British Commonwealth countries were relatively well established, relations with the rest of the Americas had been very weak. Since joining the OAS, Canada has played an important role in strengthening the FTAA negotiations.

The neoliberal restructuring of the economies and societies of Latin America that occurred during the 1980s demonstrated the interventions that were necessary to construct the self-regulating market. As we have seen, this restructuring was not the result of a natural evolution of the economy, but was due to state interventions in the economy. The spread of neoliberalism through the Chicago Boys and the IMF SAPs also illustrates how the neoliberal historic bloc was expanded to encompass the transnational capitalist class in the hemisphere. The neoliberal restructuring laid the foundations for the creation of

¹³ Richard E. Feinberg, Summitry in the Americas: A Progress Report (Washington: Institute for International Economics, 1997), 41.

the FTAA. The analysis will now examine the two dominant approaches to hemispherism that have emerged during the 1990s. While the MERCOSUR will be briefly examined, more attention will be given to the NAFTA as it provides the framework for the FTAA. The role of civil society actors in the NAFTA will also be highlighted to demonstrate the need to examine the role of civil society in the Gramscian extended state, and the role of counter-hegemonic elements of civil society.

Two-visions for 21st Century Integration.

The MERCOSUR.

One important result of the debt crisis was that it helped to provoke the most successful integration effort of the countries of Latin America through the creation of the Common Market of the Southern Cone (MERCOSUR). In response to the challenges posed by the debt crisis, Brazil and Argentina signed 17 sectoral regional trade protocols through the Argentine-Brazilian Integration Act of 1986, which were designed to facilitate trade between the countries and insulate the region against the fluctuations of the global market. This agreement was followed up in 1988 with the Cooperation and Development Treaty which had the explicit purpose of promoting bilateral commerce. Two years later, the Buenos Aires Act, which had the goal of extending the agreement into a common market was signed. By 1991, the decision to create the MERCOSUR was formally undertaken as Paraguay and Uruguay joined Brazil and Argentina in the signing the Treaty of Asuncion which committed the countries to the creation of a

customs union agreement. A customs union is different from regional trade agreements because it not only reduces trade barriers between the members, but it also erects a common external tariff to the rest of the world.

The MERCOSUR agreement is roughly based on the European Union model and therefore works to integrate the countries in more than the economic realm through political and social cooperation. The MERCOSUR came into effect on January 1, 1995. It encompasses more than 220 million people, and is the fourth largest economic block in the world, representing more than 58 per cent of Latin American gross national product.

From the Treaty of Asuncion in 1991, several initiatives have emerged to distinguish this form of integration from that which was undertaken by the integration efforts of the North. Efforts to improve intergovernmental coordination on economic matters have been undertaken through the Council of the Common Market, the Common Market Group and its working subgroups and the MERCOSUR Trade Commission. For our purposes, the most important groups that have been established have been concerned with the coordination of political efforts through the Joint Parliamentary Commission and the Economic-Social Consultative Forum. These forums seek to integrate the political and social aspects of the member countries. There are no equivalent political bodies in the NAFTA.

Created in December 1994, the MERCOSUR Economic-Social Consultative Forum created a forum for civil society actors to have some input

into the evolution and progression of the MERCOSUR. The forum brings together civil society representatives from the economic and social sectors of the member countries. It has been noted that civil society groups were largely excluded from the formal negotiations to form the MERCOSUR¹⁴ but these groups have been able to exert some influence on the integration process through the Consultative Forum.

In their study of citizenship within the MERCOSUR, Monica Lacarrieu and Liliana Raggio found the MERCOSUR has already been successful in reconceptualising the social and political understandings of some members of MERCOSUR.¹⁵

The MERCOSUR model was first proposed as a model for the integration of the Americas in March 1994 when the Brazilian government called for the extension of the MERCOSUR into a customs union that covered all of South America. Although the MERCOSUR proposal did not materialise into a concrete effort for hemispheric integration, the MERCOSUR has provided a state level counter-proposal to the integration that has been proposed by the United States and the FTAA.

The NAFTA.

While a free trade agreement between Canada and the United States had

¹⁴ Elizabeth Jelin, "Dialogues, understandings and misunderstandings: social movements in MERCOSUR," International Social Science Journal 159 (1999): 38.

¹⁵ Monica Lacarrieu and Liliana Raggio, "Citizenship within the Globalization Context: An Analysis of Trends within Mercosur," Translated by Juana Nicholaou, The Mankind Quarterly 37.3 (1997): 272.

been discussed as early as 1983, it was not until the Canadian parliament recommended an inquiry into a FTA with the United States in the summer of 1985 that the issue was seriously considered. The Canada-U.S. Free Trade Agreement (CUFTA) ushered in a new stage in trade agreements in the world and it also provided an illustration of the developing relationship between civil society and states in free trade agreements. Because of its smaller size and the ever present fear in Canada of U.S. domination, the battle over the free trade agreement was much more important in Canada than in the U.S. In both the United States and Canada the arguments against the CUFTA were fought primarily along protectionist and national lines.

While Canadian business groups such as the Business Council on National Issues strongly advocated the agreement by providing technical support for government negotiators and by working to secure business support for the agreement, other groups within civil society tried to prevent the governments from reaching an agreement. Civil society groups in Canada primarily fought the free trade agreement from a protectionist perspective that argued Canada would be swallowed up by a FTA with the United States.¹⁶

In Canada, elements of social civil society opposed to the agreement formed a broad based alliance of environmental organisations, women's groups and labour unions called the Action Canada Network that lobbied both the

¹⁶ This section draws heavily from Jeffrey M. Ayres, Defying Conventional Wisdom: Political Movements and Popular Contention Against North American Free Trade (Toronto: University of Toronto Press Inc. 1998).

Canadian public and government against the agreement. The network of civil society groups was able to exert pressure through the formation of close ties with the opposition Liberal Party and the New Democratic Party (NDP) who were also challenging the impact of the agreement. These alliances helped to legitimate these civil society groups' challenges to the FTA and provided them with a political forum within which to raise issues surrounding the FTA.

Despite the concerns raised by the groups, Canada and the U.S. were able to negotiate the agreement relatively quickly and the CUFTA was implemented in the fall of 1988. While the civil society groups working against the agreement were not successful in defeating the agreement, they were able to take what they had learned from this fight, and the legitimacy that the alliances with the opposition parties had provided, and use this experience in their next free trade fight.

Less than two years passed after the signing of the CUFTA when negotiations to form another free trade area in North America began with a joint statement issued by the governments of Mexico and the United States in June 1990. Although the initial push for the free trade agreement came from Mexican President Carlos Salinas, the proposal was quickly integrated as an element of President George Bush's Enterprise for the Americas Initiative (EAI). In outlining the EAI proposal to Congress, President Bush said the initiative "aims to build a broad-based partnership for the 1990s that will strengthen our economic ties and encourage economic growth and development throughout the Western

Hemisphere."¹⁷ The EAI's three main pillars were actions on trade, investment and debt.¹⁸ Although it has been argued the United States was motivated by fears that the debt crisis would provoke a return to protectionism in the countries of Latin America,¹⁹ a more convincing argument can be made that the initiative was designed to push U.S. interests in the multilateral trade negotiations in the Uruguay round GATT negotiations and to push for the dominance of U.S. style trade agreements throughout the hemisphere.

Four short months after the U.S. and Mexico announced they would pursue an FTA, the Canadian government announced it would join the negotiations and form a North American Free Trade Agreement (NAFTA). The first battle between civil society groups and this next round of negotiations was fought over U.S. President George Bush's campaign for Fast-Track negotiating authority. Fast-Track negotiating authority allows the U.S. president to negotiate trade agreements and put them forward to Congress for a simple up or down vote. The authority prohibits the Congress from introducing any amendments to

¹⁷ George Bush. "Message to the Congress Transmitting the Enterprise for the Americas Initiative Act of 1990." Bush Presidential Library (September 14, 1990): 18 July 2000 <<http://bushlibrary.tamu.edu/papers/1990/90091401.html>>.

¹⁸ For more information on the EAI see Joseph Grunwald "The Rocky Road Toward Hemispheric Economic Integration: A Regional Background with Attention to the Future." 123-141 and Joseph S. Tulchin, "The Enterprise for the Americas Initiative: Empty Gesture, Shrewd Strategic Gambit, or Remarkable Shift in Hemispheric Relations?" 143-158 The Enterprise for the Americas initiative: issues and prospects for a free trade agreement in the Western Hemisphere. Ed. Roy E. Green, (Westport, Connecticut: Praeger, 1993) and Antonio Jorge, Robert Cruz and Alicia Diaz, "Background: Original Elements of the Proposed Enterprise for the Americas Initiative." Enterprise for the Americas Initiative: Its Impact on South Florida. (New Brunswick: Transaction Publishers, 1992).

¹⁹ Gary Hufbauer, Jeffrey J. Schott and Barbara R Kotschwar. "U.S. Interests in Free Trade in the Americas." The United States and the Americas: A Twenty-First Century View. Eds. Albert Fishlow and James Jones. (New York: W.W. Norton & Company, 1999), 65.

the agreement and it also imposes a 60 to 90 day period within which the vote must be given, thus limiting the period available for Congress to consider the agreement. Fast-Track negotiating authority is seen to be crucial for the successful signing of FTAs by the United States. Because of the Canadian parliamentary system, which provides a majority government with virtually guaranteed Legislative approval, and the highly concentrated powers of the President in Mexico, civil society groups noted that the best way to have an impact on the NAFTA was through the U.S. Congress.²⁰

President George Bush's 1991 request for a two-year extension of the Fast-Track authority provoked a new stage in civil society organisation by encouraging the groups to extend their activities transnationally. In early 1991, a transnational meeting was held between Canadian, Mexican and U.S. groups that laid the foundations for transnational civil society actions against the NAFTA. Drawing upon their experiences during the CUFTA challenge, Canadian civil society groups were particularly effective in establishing the transnational coalitions that emerged. As was the case in the CUFTA challenge, the coalitions that were formed were loosely structured in order to cross ideological and issue boundaries. Rather than weakening the coalitions, the flexibility of the coalitions strengthened their ability to respond creatively to the debates surrounding the Fast-Track approval.²¹

²⁰ Catherine Thorup, "The Politics of Free Trade and the Dynamics of Cross-Border Coalitions in U.S.-Mexican Relations," Columbia Journal of World Business 26.2 (1991): 21.

²¹ Thorup, 22.

President Bush sent his request for the Fast-Track extension in March 1991. Due to the efforts of civil society groups to highlight the possible labour and environmental impacts of the NAFTA to members of Congress, President Bush announced in May 1991 that he would commit to an "action plan" that would address labour and environmental concerns within the NAFTA. In part as a result of this meager concession, President Bush was able to secure the Fast-Track extension in June 1991 and the NAFTA negotiations began in earnest. In spite of this defeat, the civil society coalitions had laid the foundations for yet another stage of civil society engagement against FTAs by successfully forcing the issues of environment and labour into the discourse surrounding free trade.

Another important development that emerged in the negotiations was the transnational civil society coalition that was fighting against the NAFTA published their *Alternative Declaration* in October 1991. This declaration proposed an alternative version of the NAFTA which included more protections for the environment and labour. This form of alternative proposal was not advanced during the CUFTA and it served to articulate the coalition's vision of North American integration.

Once President Bush was granted Fast-Track authority, formal trilateral negotiations for the NAFTA began. Once again business groups played a strong supportive role for the government negotiators, this time joined by the Mexican Business Coordinating Council (COECE), which represented the

largest private sector elites in Mexico.²² The negotiations to form the NAFTA proceeded quickly and by August 12, 1992 an agreement had been reached.

While the negotiations were proceeding, President Bush's term came to an end and the NAFTA became a campaign issue for the presidential race. While Reform candidate Ross Perot adopted a highly protectionist stance against the agreement, Democratic candidate Bill Clinton offered tentative support for the agreement but noted the concerns of civil society groups surrounding the agreement's effects on labour and the environment.

Labour unions played an important role in securing Clinton the presidency and this provided the next forum for civil society to challenge the NAFTA. After inheriting the NAFTA from his predecessor, President Clinton was immediately faced with the need to obtain Congressional approval for the NAFTA.

President Clinton and the Democratic members of Congress were heavily indebted to labour unions and particularly the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) for their electoral support. This indebtedness meant that President Clinton would have to find some way to placate these interests if he were to get the NAFTA through Congress. The efforts to achieve Congressional approval resulted in the two NAFTA side-agreements: the North American Agreement on Labour Cooperation and the North American Agreement on Environmental Cooperation that composed the

²² See Strom C. Thacker, "NAFTA Coalitions and the Political Viability of Neoliberalism in Mexico," Journal of Inter-American Studies and World Affairs, 41, 2 (1999): 57-89.

NAFTA Plus agreement. The side-agreements were the first time that labour or environmental issues had ever been addressed in a free trade agreement.

The side-agreements also illustrated the evolving governance capabilities of the counter-hegemonic elements of transnational civil society. Without the transnational civil society coalition it is unlikely that these issues would have been addressed since they were not mentioned at all in the initial NAFTA negotiations. While the side-agreements are essentially toothless, they achieved the goal of protecting the historic bloc and should be understood as a technique of passive revolution. The side-agreements appeared to address labour and environmental concerns sufficiently to build enough support in the House of Representatives and the NAFTA was passed by the Congress and the Senate in November 1993, 234-200 and 61-38 respectively.

The NAFTA passage illustrates the ability of the historic bloc to use the methods of passive revolution to coopt elements of civil society in order to maintain support for the dominant hegemony. The side-agreements did not challenge the neoliberal foundations of the NAFTA; however, we will see that they have played an important role in the debates surrounding the FTAA.

Conclusion

The historic evolution of hemispheric integration provides a useful framework for understanding the processes that have led to the creation of the FTAA. The neoliberal restructuring that occurred throughout the hemisphere imposed the self-regulating market on all of the economies of the Americas.

These changes laid the foundations for the most recent hemispheric integration effort, and the launch of negotiations to form the largest trade bloc ever. In contrast to the neoliberal argument, neoliberalism did not arrive in the hemisphere spontaneously. Rather, this development reflected the Polanyian approach that highlights the massive state interventions that are required in order to create the conditions for the self-regulating market.

Although civil society actors did not play a very public role in the earliest integration efforts, they began to take on a more active approach in the regional integration efforts that arose in the 1990s. Through the evolution of civil society approaches to NAFTA the need to differentiate within elements of civil society becomes clear. In contrast to the pluralist argument, it is clear that power relations exist within and between elements of civil society. The NAFTA also illustrates the ability of the historic bloc to blunt the effectiveness of the counter-hegemony through the techniques of *trasformismo* and the passive revolution.

The following chapter will profile the launch of the latest hemispheric integration effort through an examination of the initial stages in FTAA negotiations. The role of civil society groups from both the business and social sectors will be highlighted in order to demonstrate the role of civil society in both challenging and supporting the neoliberal historic bloc throughout the hemisphere. Important developments within and without the hemisphere will also be highlighted in order to tie the FTAA negotiations to the changing hegemonic discourse surrounding neoliberal globalisation.

So out of the whole agenda to improve things in the hemisphere, what you started to see is the trade file getting ahead of the others in a visible way. At the same time you have globalisation affecting the world, at the same time people were getting organised anti-the MAI. I would say that what had a huge impact on this was the last, almost the death rattle for the traditional way of negotiating trade agreements, which was to come on the Net, almost fully negotiated, the draft text of the MAI. And that really mobilized the NGO community globally, or at least in the Western nations concerned, on the Net. And what you saw was people marching on the Net.

Interview, Kathryn McCallion, Chair of the first phase of the FTAA negotiations, Ottawa, 2000.

Chapter 3

Gestation: The Initial Stages of the Free Trade Area of the Americas Negotiations

The dramatic changes that the hemisphere underwent occurred at a different pace in each of the countries of the Americas but these changes laid the foundation for the creation of a Free Trade Area of the Americas (FTAA). The context surrounding the beginning of this effort for hemispheric integration was one where neoliberal globalisation seemed to exercise world-wide dominance. Policy makers had largely been successful in redirecting the economies of all of the countries of the Americas and had opened the hemisphere to the self-regulating market. However, as we will see, the neoliberal triumphalism that dominated the early history was eroded by domestic and international challenges before official FTAA negotiations even began.

This chapter will examine the early stages of the FTAA negotiations from the foundations laid at the Miami Summit of the Americas in 1994 up to the period surrounding the 1998 MAI defeat. The relations between different elements of civil society and the negotiations also highlights the Gramscian observation of the dual role of this sector. As the FTAA demonstrates, certain elements of civil society are primarily used to support the historic bloc and are in fact key components of the bloc. On the other hand, other elements of civil

society constitute the efforts to create the counter-hegemonic bloc. As we will see, the reactions of the historic bloc to the challenges posed by the counter-hegemony illustrate the strength of the historic bloc.

Leading up to the Miami Summit

After achieving Congressional approval for the NAFTA, the United States immediately set out to export this form of trade agreement to the rest of the Western Hemisphere. United States President Bill Clinton and Vice President Al Gore repeatedly expressed their desire to establish a hemispheric trade agreement. The decision to hold the first modern Summit of the Americas was made in a highly unconventional manner for the U.S. Rather than spending months waiting for committees, the initiative to hold the Summit was driven by Vice President Gore and a small group of his advisors. Indeed, it only took 36 hours for the idea to hold a summit to be put forward to the vice president, achieve Presidential approval, and be shared with the world.

The announcement to hold the first modern Summit of the Americas was made in December 1993 by Vice President Gore at a speech he gave at the Mexico City National Auditorium. Drawing on the divisive debate that portrayed Mexico as a backward country during the NAFTA, as articulated by Ross Perot and protectionist elements of civil society in the U.S., Gore presented the Summit initiative as an effort to reconceptualise hemispheric relations. In his speech, he announced that the Summit would “seek to make explicit the convergence of values that is now rapidly taking place in a hemispheric

community of democracies; a community increasingly integrated by commercial exchange and shared political values.”¹

A full year passed from the time the Summit was announced until it was finally held in the United States in Miami, Florida. During this year, the previous Summit initiatives were examined, consultations were held between the leaders of all the countries, and preparations were made. One of the most significant aspects of the preparation for the Summit was in the various efforts taken to institutionally support the initiatives put forward with concrete actions.

Another important effort seems to have been made from the beginning of this integration project to recognize the role that civil society would play in securing and supporting the integration initiatives. One example is given in the opening passage, written by then Vice President Gore, for the book *A New Moment in the Americas*. The book stems from a November 11, 1994 meeting at the Vice President’s residence of the Encuentro Group, that included government officials, business leaders and academics from throughout the Americas. The meeting was held to informally discuss issues surrounding hemispheric integration immediately before the Summit. Highlighting the role of culture and civil society actors in supporting the political project of integration, Gore states, “one thing that we are beginning to understand more clearly is that the success of both democracy and the market economy depends on the cultural

¹ Qtd. in Richard E. Feinberg, *Summitry in the Americas: A Progress Report* (Washington: Institute for International Economics, 1997), 60. See this book for a very detailed and informative description of the creation and process of the Miami Summit of the Americas.

spirit that animates and sustains them. In the case of democracy, the citizens must possess what Alexis de Toqueville called the 'habits of the heart:' tolerance, a sense of personal responsibility, a willingness to participate. The market economy depends on enterprise, diligence, and a kind of faith in one's commercial partners."² The cultural traits Gore addressed are those that constitute civil society. Given the United States' experience in the NAFTA debate, these comments can be interpreted as an early recognition of the need to engage civil society in the processes that were to begin in December 1994 at the Summit of the Americas in Miami.

The Miami Summit of the Americas

The modern phase of hemispheric integration was undertaken in Miami, Florida in December 1994 at the first modern Summit of the Americas. Held under the framework of the Organization of American States (OAS), the Summit of the Americas brought together the heads of state from 34 countries of the Americas, with the exclusion of Cuba. The Miami Summit contributed to the creation of several initiatives that were to help integrate the Americas. The Summit agenda was based on four principles: to preserve and strengthen the community of democracies of the Americas, to promote prosperity through economic integration and free trade, to eradicate poverty and discrimination in our hemisphere, and to guarantee sustainable development and conserve our

² Al Gore, "Foreword," A New Moment in the Americas Ed. Robert S. Leiken (New Brunswick, USA: Transaction Publishers, 1994), vii.

natural environment for future generations.³ The centre-piece of the Summit was the decision to launch negotiations towards a Free Trade Area of the Americas (FTAA). In the statement that announced the leaders' intention to create the FTAA, the neoliberal argument is clearly articulated:

A key to prosperity is trade without barriers, without subsidies, without unfair practices, and with an increasing stream of productive investments. Eliminating impediments to market access for goods and services among our countries will foster our economic growth. A growing world economy will also enhance our domestic prosperity. Free trade and increased economic integration are key factors for raising standards of living, improving the working conditions for people in the Americas and better protecting the environment.⁴

The language surrounding the creation of the FTAA clearly demonstrates the use of hegemonic language in order to portray the agreement as a guarantor of poverty alleviation and of increased equality both among the genders and between the different countries of the Americas.

The work that was undertaken to ensure that concrete proposals resulted from the Summit is evident through the creation of a Summit Action Plan. This Action Plan laid out some of the initiatives that were to be undertaken in order to advance hemispheric integration. The decision was also made that the Summit Implementation Review Group (SIRG) would be created under the Organization of American States (OAS). The SIRG would monitor the implementation of

³ Summit of the Americas, "First Summit of the Americas: Declaration of Principles, Miami, Florida, December 9-11, 1994," Summit of the Americas (1994): 30 March 2000 <<http://www.summit-americas.org/miamidec.htm>>.

⁴ *ibid.*

Summit initiatives. The creation of the SIRG has helped to exert pressure on various governments to comply with Summit integration efforts. The importance of taking steps toward the creation of the FTAA was also highlighted through the decision to impose a deadline for the negotiations of 2005.

The role of civil society in hemispheric integration was also addressed at the Summit. The declaration highlighted the shift in the approach to civil society from previous trade negotiations by highlighting the closely integrated role business elements of civil society would play in the FTAA by calling for their support to create the hemispheric infrastructure needed to advance economic integration and free trade.⁵ The hemispheric infrastructure they referred to consists primarily of the need to build support for hemispheric free trade. The special role of business in building support for the FTAA should be understood as reflecting the construction of the historic bloc by working to secure the support of business for the neoliberal vision of the FTAA.

There was also a recognition of the need to build support for the FTAA in other elements of civil society. The Miami Declaration notes: "To assure public engagement and commitment, we invite the cooperation and participation of the private sector, labor, political parties, academic institutions and other non-governmental actors and organizations in both our national and regional efforts, thus strengthening the partnership between governments and society."⁶

⁵ Summit of the Americas, "Summit of the Americas Miami, Florida, Plan of Action," Summit of the Americas (1994): 30 March 2000 <<http://www.summit-americas.org/miamiplan.htm>>.

⁶ Summit of the Americas, "Miami Declaration."

While governments discussed the role of civil society in integration, elements of civil society also met to work out their own visions of hemispheric integration and their approach towards the initiatives launched at the Summit. The elements of civil society that had assembled to challenge the NAFTA within Canada, the United States and Mexico also held a meeting in Miami. Although this meeting was small, representatives from the groups that had formed the transnational coalition against the NAFTA went to Miami and attempted to promote the alternate vision of free trade that they had developed during the NAFTA debate. These groups challenged the neoliberal version of free trade and argued for the integration of a social dimension in the FTAA. While this meeting did not result in any further initiatives from civil society, it did push the transnational civil society coalition to take action towards expanding their network throughout the Americas.⁷

The Mexican Peso Crisis and the lack of Negotiating authority

Only weeks after the completion of the Miami Summit the integrative initiative that had begun at the meeting was confronted with dramatic international changes. At the same time that the multilateral trade regime evolved with the creation of the World Trade Organization on January 1, 1995, the country that had been put forward as the best example of the promise of neoliberal policies for less-developed countries faced economic catastrophe. Mexico's peso was initially devalued just before Christmas in December 1994 by

⁷ Interview, Ottawa, 2000.

new President Ernesto Zedillo. With the Mexican economy well integrated into the global financial and investment market, the devaluation was not able to prop up the Mexican economy and currency speculators bet against the peso, drastically reducing the value of the peso against the U.S. dollar.

Determined not to allow the peso crisis to support the arguments of those who challenged the NAFTA and in an effort to protect the newly launched hemispheric integration efforts, United States President Clinton expended considerable political effort to secure the largest financial bailout package offered since the end of the Second World War. The United States itself provided US\$20 billion in loan guarantees and used its influence within the IMF to pressure that organization to advance the Mexican government US\$18 billion dollars. In all, the Mexican government was offered US\$50 billion in support against the peso crisis. While the Mexican bailout was able to prevent the Mexican economy from spiraling out of control, the peso crisis soured many U.S. officials against the NAFTA and the FTAA.

The FTAA was also confronted with another challenge arising from the United States. After the Congressional passage of the NAFTA Plus, the Fast-Track negotiating authority that had been secured by former President Bush expired in April 1994. As we have seen with the NAFTA process, Fast-Track negotiating authority allows the U.S. president to negotiate trade agreements and put them forward to the House of Representatives for a simple up or down vote within a 60 to 90 day period. The Congress and Senate are therefore not

allowed to introduce any amendments to trade negotiations that are negotiated by a U.S. President who has been granted Fast-Track negotiating authority. The time constraint effectively limits the ability of representatives to analyse the agreement or receive feedback from elements of civil society.

The debate over the NAFTA side-agreements made it clear that environmental and labour concerns would have to be addressed in a new Fast-Track request. As a result, President Clinton did not automatically apply for a renewal of Fast-Track authority and the negotiations for the FTAA were ground virtually to a standstill even as they were beginning since governments did not see the value of investing effort into the negotiations. The dominant thinking was that there was no sense in negotiating the FTAA while the U.S. President did not have the authority to pass the agreement since it would mean that negotiations would have to be done a second time once the agreement was brought for Congressional approval. Nevertheless, determined not to allow this expression of hemispherism to disappear, work was begun toward creating the FTAA despite the lack of U.S. Fast-Track authority.

Denver and the FTAA

The first steps towards the creation of the FTAA were taken at the first trade ministerial held at the end of June 1995, in Denver, Colorado. This first meeting of the Trade Ministers of the Western Hemisphere was the first administrative component of the FTAA. The meeting was instituted in order to ensure that progress was made in the FTAA. As a result of the Denver

ministerial, the Airlie House agreement was signed which firmly committed the governments to the 2005 FTAA deadline and also created seven working groups in market access; customs procedures and rules of origin; investment; standards and technical barriers to trade; sanitary and phytosanitary measures; subsidies, antidumping and countervailing duties; and the working group on the smaller economies.⁸ The ministers also asked the tripartite committee which consists of the three major hemispheric multilateral bodies -- the OAS, the Inter-American Development Bank (IADB) and the United Nations Economic Commission on Latin America and the Caribbean (ECLAC) -- to provide analytical and technical support to the working groups. The working groups and the meetings of both trade ministers and vice ministers provided the FTAA with an administrative component that would work to push the negotiations along.

The trade ministers also agreed to a working framework for the FTAA that the agreement would be: "fully consistent with the provisions of the Agreement Establishing the World Trade Organization (WTO Agreement); be balanced and comprehensive in scope, covering among others, all areas included in the [Summit of the Americas] Plan of Action; not raise barriers to other countries; and represent a single undertaking comprising mutual rights and obligations."⁹

The ministers also addressed the issue of civil society participation in the FTAA at the Denver ministerial. In their joint declaration they stated: "We are

⁸ FTAA, "Summit of the Americas Trade Ministerial, Denver, Colorado, June 30, 1995, Joint Declaration," FTAA (1995): 3 December 1999 <http://www.ftaa-alca.org/ministerials/denver_e.asp>.

⁹ *ibid.*

committed to transparency in the FTAA process. As economic integration in the Hemisphere proceeds, we welcome the contribution of the private sector and appropriate processes to address the protection of the environment and the further observance and promotion of worker rights, through our respective governments."¹⁰ While this statement might appear to reflect a willingness to open the FTAA process up to the input of civil society, it should be noted that only private sector and "appropriate" elements of civil society are included in the call for transparency. This call for transparency would only include civil society members that were already part of the Gramscian extended state in order to support the historic bloc.

It should also be noted that in the context of traditional trade negotiations the FTAA was deemed transparent by some ministers simply due to the fact that the public had been notified that the meetings were occurring. Reflecting on the early meetings, the future chair of the FTAA negotiations Kathryn McCallion, noted, "in the context of the Summit and all of its things we were talking, we were fairly open in our process in a historical sense: people knew where we were meeting, what we were talking about."¹¹ However, the traditional levels of transparency and the traditional approach to trade negotiations would eventually prove insufficient for the FTAA negotiations.

The need to differentiate between elements of civil society was made

¹⁰ *ibid.*

¹¹ Interview, Ottawa, 2000.

clear through the special role of business actors in the FTAA negotiations. The business elements of civil society were granted special access to the FTAA ministerial in Denver through the creation of the Americas Business Forum (ABF). The U.S. government provided support for the ABF, which brought together business leaders from throughout the hemisphere to promote free trade and provide support for the negotiations. As well as reflecting the exercise of power and access within civil society, the ABF should also be understood as an important component in the maintenance and construction of hegemonic consensus for the FTAA.

The first ABF was held immediately after the Denver trade ministerial. The Denver ABF established that the participants in the forums would draft their recommendations for the negotiation of the FTAA. These recommendations were then given to the trade ministers who attended the final session of the ABF to receive the submissions. The Denver ABF established a tradition that created a regular forum for business elements of civil society to gain privileged access to the FTAA negotiations.

According to a leading member of the Canadian business civil society delegation to the ABF, business leaders were concerned with securing access to the negotiations since, "business wanted to have a voice when these key leaders got together, and some sort of input into whatever process was going on."¹² It is important to note that although business elements of civil society

¹² Interview, Ottawa, 2000.

have been given privileged access to the negotiators through the ABF, they continue to have some reservations about the process and are unsure about whether their desires have been integrated into the negotiations. While it is obvious that the ABF provides increased access and input for business elements of civil society that support neoliberal globalisation, it would be an overstatement to say that these groups are achieving everything they desire. Consider for example this comment from a Canadian business representative:

One of the key concerns of the business community has been that, O.K. we give them this report then what happens to it? Are the recommendations of the private sector being taken into account is a very different question. And some concerns have been expressed in the past, not particularly by our group, that if this ABF is going to have concrete results and is going to be meaningful that the recommendations that go into the ministers, there has to be some response back or at least some reaction to whatever it is that the business sector is recommending as the way forward.¹³

In contrast to the government's support of the Business Forum, other civil society groups were not provided with official avenues to influence the negotiations. These civil society groups were not a major presence at the Denver ministerial but the coalitions that had been formed during the NAFTA negotiations had begun to work to expand their networks and engage with civil society groups from Central and South America. Several of the major labour unions from throughout the hemisphere were also able to meet in Denver under the Inter-American Regional Organization of Workers (ORIT) and hold a Labor Forum. The assembled leaders of the trade unions called for the creation of a

¹³ Interview, Ottawa, 2000.

working group on trade, workers rights and the environment and criticized the negotiations for their exclusion of different social sectors.

The union representatives also called for the Labor Forum to be given equal access to the negotiations as the ABF. Despite these efforts, the Labor Forum was kept outside of the formal negotiations and no official recognition was given. The ORIT Labor Forum highlights the divisions that exist even within the specific category of labour unions within civil society. Several of the smaller and non-official labour unions from the countries of the hemisphere are not members of the ORIT and therefore did not attend the Labor Forum.

Although the Labor Forum was not successful in gaining access to the negotiations, it did result in the decision, by the labour groups assembled under the ORIT, to take action outside of the ministerials to influence the negotiations. ORIT established a delegation of high-level ORIT officials made up of labour leaders from a number of countries. These leaders visited several Latin American countries in an attempt to lobby the Latin American leaders. They met with several of the leaders such as the president of Argentina and the Chilean trade minister. The high level access that was given to the Latin American leaders provoked some of the Northern members of the delegation to begin to lobby for access to their own governments.

Cartagena and the FTAA

The second trade ministerial meeting was held in Cartagena, Colombia, in March 1996. For this meeting, the Americas Business Forum was held before

the trade ministerial in part as an effort by business leaders to influence the outcome of the ministerial declaration. The ABF held 13 workshops that were divided into four main committees: trading strategies in the FTAA; opportunities for the private sector in the development, construction and operation of infrastructure; the globalisation of production processes; and a committee on human sustainable development.¹⁴

Aside from the examination of traditional trade issues that was undertaken in the workshops, there was also an attempt by the business forum to address its role within the FTAA negotiations through a workshop on The Private Sector Role in the Creation of FTAA by 2005. This workshop addressed the business community's desire to be engaged actively in the negotiation of the FTAA. The workshop produced several recommendations for ensuring improved access for business civil society to both national and international consultations. Central to these recommendations was the stipulation that the FTAA negotiating information be made accessible to business civil society in order to facilitate their participation in the negotiations. The workshop also called for the ministers to recognize the business forum and the creation of the Business Network for Hemispheric Integration (BNHI) in January 1996.¹⁵

The BNHI was created by a group of representatives from 16 of the

¹⁴ Americas Business Forum, "Second Business Forum, Cartagena, Colombia - March 1996," Foreign Trade Information System (1996): 05 April 2001 <<http://www.sice.oas.org/FTAA/cartabfe.asp>>.

¹⁵ Americas Business Forum, "Workshop ID: Private Sector Role in the Creation of FTAA by 2005," Foreign Trade Information System (1996): 05 April 2001 <<http://www.sice.oas.org/FTAA/cartage/sumcon/workse4.asp>>.

largest elements of business civil society from the United States, Canada, Chile, Colombia, Brazil, Costa Rica, Trinidad and Tobago and the Dominican Republic. The BNHI was created as a pro-active business lobbying group for the hemispheric business community. The network has grown to encompass over 400 business associations from 20 hemispheric countries. The BNHI states that its primary objective is to facilitate the involvement of business groups in the FTAA "through increased dialogue and communication and by promoting common rules for trade and investment [and the network] acts as a conduit on behalf of the private sector forwarding recommendations to governments and pushing for their implementation."¹⁶ The BNHI is an example of the transnational construction of the historic bloc throughout the hemisphere and a clear representation of an institutional support for the transnational capitalist class.

The foundations for a transnational coalition of social civil society groups were also begun in Cartagena as labour unions began to network with more environment, women's and consumer civil society groups. While the Labor Forum continued to be held under the ORIT and pushed for the inclusion of labour and environmental issues, there was a recognition of the need for more cooperation throughout the hemisphere between elements of social civil society. Comments from a union representative reflect this evolving approach: "I think that there was a general agreement that there was a need to broaden the

¹⁶ Business Network on Hemispheric Integration, "Home," BNHI (2001): 05 April 2001 <<http://www.bnhi.org>>.

participation and the critique, and the understanding of the FTAA. Try to get more of a dialogue, a discussion going."¹⁷ The transnational coalitions created throughout the hemisphere have enabled these elements of civil society to more effectively challenge the FTAA negotiations both domestically and internationally through information sharing and coordinated campaigns. As we will see, there are also challenges that arise due to the extension of these coalitions transnationally, as the need to build consensus within the coalition limits the proposals made and issues addressed by the group.

At the trade ministerial itself, the impact of civil society pressure was felt primarily by the U.S. negotiators. As a response to the domestic challenges posed by civil society groups and as an effort to find a solution that would allow President Clinton to achieve Fast-Track authority, U.S. negotiators pushed for the inclusion of labour and environmental issues at the ministerial. The U.S. proposals were unsuccessful in securing the support of some of the other countries who saw the proposals as contrary to the spirit of free trade. The FTAA negotiations are conducted in a consensus model where every state must agree to a certain provision in order for it to be accepted. The inclusion of labour and environmental issues in the FTAA was vehemently opposed by the MERCOSUR and other Latin American countries because they saw the U.S. proposals as a guise for non-tariff barriers to trade and protectionism.¹⁸ The fear

¹⁷ Interview, Washington, D.C., 2001.

¹⁸ Diana Tussie and Patricia Vasquez, "The FTAA, Mercosur, and the Environment," International Environmental Affairs 9.3 (1997): 245.

was that the U.S. and Canada would use higher labour and environmental standards to prevent goods and services from the rest of the hemisphere from entering into their countries, thus protecting U.S. and Canadian companies and workers from hemispheric competition.

While the countries of Latin America were forced to accept neoliberal restructuring during the 1980s and 1990s, Canada and the U.S. retained several protectionist policies that are contrary to the principles of neoliberalism. The power relations between countries of the North and those of the South can be demonstrated through an examination of the protections that these countries have maintained. While the least powerful countries have removed virtually all protections to their economy, the more powerful countries have retained several protections and have worked to further protect their interests through securing such provisions as intellectual property rights.

Despite the dispute over the inclusion of labour and environment, ministers were able to reach agreement on the creation of four new working groups. The new groups addressed government procurements, intellectual property rights, services and competition policy.¹⁹ These working groups built upon the negotiation's business-oriented agenda.

One of the other issues discussed during the Cartagena ministerial was the approach countries would take towards the creation of FTAA. The primary

¹⁹ FTAA, "Summit of the Americas, Second Ministerial Trade Meeting, Cartagena, Colombia, March 21, 1996, Joint Declaration," FTAA (1996): 14 November 2000 <http://www.ftaa-alca.org/ministerials/carta_e.asp>.

stumbling block was whether the FTAA would be negotiated through a gradual accession of countries and regions to the NAFTA model or if the negotiations would be a single undertaking with all 34 countries. Despite the efforts of the United States to build consensus around the proposal for accession, the decision was taken to negotiate the FTAA as a single undertaking for all negotiating countries.

Like the WTO, the decisions within the FTAA negotiations must be agreed to by all countries through consensus in order for decisions to be made. Although the consensus model might look as though countries such as Haiti are given the same veto power as the United States, it is important to recognize that power imbalances between the countries of the Americas ensure that some countries are able to exert more pressure than others. Within the FTAA negotiations the United States and the MERCOSUR countries, under the leadership of Brazil, are the two primary power blocks, with Mexico acting as a third power block. The role of Mexico has been particularly important with respect to the issue of civil society participation. While other countries are technically granted the power to block any initiative, in reality they rarely would do so, and if they were to challenge a proposal put forward by either of the three power groups, they would typically do so as a member of a coalition of countries.

Canada has played an interesting role in these negotiations because in several instances, it has stayed largely outside the debates of the power poles and argued for a compromise. One example of the role that Canada has played

in the negotiations is provided by the debate at the Cartagena ministerial surrounding whether business facilitation measures or market access talks would be put forward as issues on which to reach an agreement before the 2005 deadline, so-called early harvest issues. The United States favoured market access while the MERCOSUR and other Latin American countries favoured business facilitation measures. The Canadian negotiators put forward a proposal for simultaneous talks to be held on each issue. The Canadian approach was supported as a compromise and simultaneous discussions were agreed to. The question of early harvest issues illustrates the role Canada has at times played in seeking a compromise between the two major power poles in the FTAA negotiations.

Bolivia Summit on Sustainable Development

While the OAS Summit on Sustainable Development held in 1996 in Santa Cruz, Bolivia, is not technically related to the FTAA negotiations, it is important because it was the first time the OAS was opened to civil society input in the entire history of the organisation. The Bolivia Summit was deemed a success by the OAS and several civil society groups who were pleased with the creation of a consultative mechanism for citizen participation on environment issues, the Inter-American Strategy for the Promotion of Citizen Participation in Decision Making for Sustainable Development (ISP).²⁰ The ISP should be

²⁰ Inter-American Strategy for the Promotion of Citizen Participation in Decision Making for Sustainable Development, "ISP Home Page," ISP (1996): 02 April 2001 <<http://www.ispnet.org>>.

understood as an effort by the historic bloc to coopt elements of social civil society who were constructing a counter-hegemonic view of the FTAA. Its creation is a technique of passive revolution designed to bring environmental groups into the OAS and away from the context of the FTAA negotiations.

Despite the efforts of the Bolivia Summit, several challenges continued to be faced by civil society within the hemisphere. Some of the challenges to effective participation of these civil society groups were, "weak institutional and legal frameworks for effective and responsible participation."²¹ The 1996 Bolivia Summit was a testing ground for the role of social civil society actors within the hemispheric integration process. While the results of the Summit do not seem to be directly linked to the FTAA negotiations, they should be seen as an example of efforts by the historic bloc to coopt social civil society criticism of the FTAA process by including them in discussions in the OAS, which is essentially powerless, rather than within the FTAA itself.

Belo Horizonte and the FTAA

It was not until the third western hemisphere trade ministerial meeting, held in Belo Horizonte, Brazil, in May 1997, that social civil society groups began to take concerted action in order to more directly influence the FTAA process.²² In Belo Horizonte, civil society groups from throughout the Western

²¹ Leadership Council for Inter-American Summitry, "From Talk to Action: How Summits can Help Forge a Western Hemisphere Community of Prosperous Democracies," North-South Center (Florida: University of Miami North-South Center, 1998), 7.

²² While this paper focuses on the international actions of civil society groups it is important to remember that civil society groups are also very active on the local and national levels. The vast majority of government-civil society consultations also occur in a national context. While the transnational actions

Hemisphere came together to hold a meeting immediately before the ministerial. Entitled the Our Americas Forum, the meeting brought together 700 people from trade unions and social movements from throughout the hemisphere who shared information and strategies regarding the FTAA negotiations. The unequal access of social civil society in comparison with that of business was geographically highlighted at the Belo Horizonte meeting. While the ABF was held in the same building and the same rooms as the trade ministerial, the civil society forum was held six blocks away at the medical school. The distance illustrates that while the assembled Our Americas Forum groups were much closer to the negotiations than other elements of civil society, they remained far removed from the process in comparison with business civil society.

One of the results of the growing coordination between social civil society actors was the decision to issue a joint statement from the Our Americas Forum. The groups worked on the declaration through the night and wrote it in three languages, English, Spanish and Portuguese. This exercise was deemed to be important for the coalition because it forced the groups to forge consensus to determine appropriate language and to address the problems surrounding the discussion of certain issues.

The joint statement called for the FTAA to be "an agreement that promotes genuine development for all the peoples of the hemisphere, one that

of civil society groups are very important in the analysis of the FTAA, it is important to remember that these local activities are happening.

allows for integration of our economies based on democratically determined development models, and one that is based on consensus."²³ In contrast to the procession of ministers that mark the end of the ABF and receive the business submissions, the Our Americas Forum joint statement was presented to the Brazilian finance minister who attended the final session. The Brazilian minister then left the forum and promised to give the statement to all of the other ministers. Civil society representatives never received feedback on the Our Americas Forum declaration and criticised this lack of dialogue. The lack of feedback surrounding social civil society proposals brings into question the ministers' statements regarding transparency and highlights the ongoing efforts by the historic bloc to placate social civil society without addressing their concerns.

The major result of the Our Americas Forum was that a large majority of the assembled groups agreed to form a transnational civil society group called the Hemispheric Social Alliance (HSA). In its declaration of intent the HSA stated: "We are united by an alternative vision of an integrated hemisphere — one based on respect for human rights, cultural diversity, the environment, and reinforcement of national social development projects which raise standards and skills for all rather than down to the lowest common denominator."²⁴ The

²³ Development Group on Alternative Policies, "Joint Declaration by Unions and NGOs from around the Western Hemisphere on the FTAA," DGAP (1997): 1 November 1999 <<http://www.igc.org/dgap/beloeng.html>>.

²⁴ Hemispheric Social Alliance, "Hemispheric Social Alliance," Common Frontiers (1999): 6 November 1999 <<http://www.web.net/comfront/cfhems.htm>>.

creation of this social alliance allowed civil society to present a unified position which was helpful in gaining publicity through the media and attention from the negotiating governments. Similar to the coalitions formed during the NAFTA, the HSA was a loose confederation of cross-sectoral groups.

The hemispheric coalition did not include all civil society groups that were organizing against the FTAA and the unity of the group should not be overstated. As Carr has noted with respect to transnational coalitions, "the vast majority of these initiatives have been launched from the north, construct the 'south' (i.e. Mexico) as a problem or threat, and reproduce consciously and unconsciously elements of chauvinism, paternalism, patron-clientalism and protectionism."²⁵ While the HSA was largely created through the initiatives of northern social civil society groups, efforts have been made to challenge the northern bias of the alliance; however, the potential for northern bias in the alliance should be noted. Nevertheless, the HSA has proven to be a useful forum for elements of social civil society from the North and the South to coordinate their actions and share information in order to more effectively challenge the FTAA.

At the third Americas Business Forum, the assembled business leaders held negotiations on the areas identified through the ministerial working groups and put forward their proposals to the ministers at the end of the forum. The

²⁵ Barry Carr, "Globalization from below: labour internationalism under NAFTA," International Social Science Journal 159 (1999): 52.

assembled business leaders once again held a forum on the role of the private sector in the negotiations. The ABF addressed the lack of dialogue with the ministers surrounding ABF proposals and urged governments to commit to providing formal responses to the business proposals. The business forum participants also called for increased access through domestic consultations, biannual meetings between the working groups and business representatives and the creation of hemispheric organisations that would “function as catalysts for receipt and distribution of information, yet without presuming or attempting to represent the businessmen of the hemisphere.”²⁶ In order to facilitate the ability of business civil society to influence the negotiations, the ABF also called for the creation of information databases and proposed that the governments establish a hemispheric information system.

The ABF also addressed the issue of labour and environmental issues in their discussion of the role of the private sector in the negotiations. They stated: “In order to preserve the clarity and transparency of the process of setting up the FTAA and the relationship among the member countries, the treatment of topics linked to labor issues and environmental problems should be forwarded to agencies with specific jurisdiction in these areas.”²⁷ These comments should be seen as a reflection of the neoliberal approach to free trade, and an indication of

²⁶ Americas Business Forum, “Workshop 12: The Role of the Private Sector,” Foreign Trade Information System (1997): 10 November 2000
<http://www.sice.oas.org/Ftaa/BELO/FORUM/WORKSHOPS/SUCON12_E.asp>.

²⁷ Americas Business Forum, “Workshop 12: The Role of the Private Sector.”

the use of social norms to build support for hegemony. This is because the nature of statements call for the exclusion of social issues through appeals to transparency and clarity. By addressing these issues, it should also be understood as a reflection of the historic bloc's growing concern surrounding the influence of counter-hegemonic civil society actors.

It is important for business civil society that issues of labour and the environment be dealt with by the agencies under whose jurisdiction these issues fall, both domestically and internationally, because these organizations do not have the enforcement mechanisms that trade agreements do. Dispute resolution mechanisms, such as those created through the NAFTA, or in the WTO, are able to legally bind countries to remove barriers to trade. If the environment and labour were to become trade-related issues, they would be subject to criteria other than whether they might be deemed barriers to trade. Because labour and environmental standards are not given special status within trade negotiations, they become subject to the forces of the self-regulated market. As Polanyi would argue, the treatment of these fictitious commodities by market forces results in a double movement that is partly represented by the elements of civil society that created the Hemispheric Social Alliance.

Following the civil society forums, the Belo Horizonte Trade Ministerial reflected a need to proceed with the formal FTAA negotiations and demonstrate concrete progress, despite the lack of Fast-Track approval in the United States. To this end, the ministers agreed to launch formal FTAA negotiations at the

Second Summit of the Americas to be held in 1998 in Santiago, Chile. The ministers also further outlined the relationship between the FTAA and other regional FTAs within the Americas. They stated the FTAA, "will constitute a comprehensive single undertaking which embodies the rights and obligations mutually agreed upon. The FTAA can co-exist with bilateral and sub-regional agreements, to the extent that the rights and obligations under these agreements are not covered by or go beyond the rights and obligations of the FTAA."²⁸

Efforts to include labour and environment in the negotiations continued to be stalled and the ministerial declaration merely mentioned the issues as something the negotiators would consider. The aspirations of the business forum were reflected through the ministers' decision to form a twelfth working group to examine the issue of dispute settlement.

The negotiators provided some concessions to calls for transparency in the negotiations through the decision to create a website that would assemble all public documents of the FTAA process. The FTAA site, www.alca-ftaa.org, provides information on the processes of the FTAA and the ministerial declarations, but does not contain detailed information regarding the issues under negotiation. The transparency provided by the website should be understood as the willingness to allow people to view the process, rather than

²⁸ FTAA, "The Belo Horizonte Ministerial Declaration. May 16, 1997," FTAA (1997): 06 April 2000, <http://www.alca-ftaa.org/ministerials/belo_e.asp>.

provide outside analysis of the negotiations.

In customary fashion, the ministerial declaration also acknowledged the contributions of the ABF; however, the Belo Horizonte Ministerial Declaration also made brief mention of the efforts of social civil society groups to address the negotiations but did not provide any acknowledgement of the inputs of these groups. It will be shown that international factors force the FTAA negotiators to adapt their approach to civil society before they met for the next ministerial.

Elsewhere in the hemisphere...negotiating trade

In conjunction with the FTAA negotiations, the United States was also attempting to export the NAFTA model through the hemisphere by negotiating individual countries' accession to the NAFTA. The first country in line for NAFTA accession was Chile. The Chilean negotiations were the primary reason that the U.S. administration were forced to finally face the challenge of securing Fast-Track negotiating authority.

As we have seen, Chile was one of the first countries in Latin America to undergo the imposition of the neoliberal market. In preparation for NAFTA accession and as a demonstration of the country's willingness to support the neoliberal model, Chile vigorously pursued regional free trade agreements (FTAs) throughout the hemisphere.

Chile revamped its free trade agreement with Mexico at the Miami Summit of the Americas in order to make it NAFTA-consistent and also aggressively pursued the creation of a free trade agreement with Canada. Negotiations on

the Canada-Chile FTA were concluded in December 1996 and to demonstrate its willingness to make concessions to labour, an Agreement on Labour Cooperation was signed on February 6, 1997. The Canada-Chile FTA came into force in June 1997.

Frustration with the failure of the United States to move forward with Chilean accession provoked Chile to seek integration with the other countries of the Americas. Key to this effort was the Chilean decision to seek an FTA with MERCOSUR. The MERCOSUR-Chile FTA, which came into effect in October 1996, reflected the Chilean willingness to embark on parallel paths with respect to negotiating integration with both of the hemispheric blocs. The lack of movement from the United States toward Chilean accession prompted the country to announce on June 19, 1997, that they would be coordinating their FTAA negotiating positions with those of the MERCOSUR bloc. This decision would further shift the FTAA negotiations towards MERCOSUR and reflected the weakening grip of the U.S. over the FTAA.

The Chilean decision to coordinate with MERCOSUR provoked President Clinton to finally address the challenge of securing Fast-Track. He brought his proposal for Fast-Track authority to Congress in September 1997 and it became clear that the delay had not alleviated labour and environmental concerns surrounding trade. Civil society groups began an active campaign designed to raise awareness of trade issues and challenge the Fast-Track application. As part of the challenge to the Fast-Track, groups engaged in public education

campaigns, distributed written materials and held public meetings to support their counter-hegemonic approach to neoliberal free trade.

According to Thea Lee, American Federation of Labor-Congress of Industrial Organizations (AFL-CIO) assistant director for international economics, who worked on the campaign against the Fast-Track, "for us this was like the second-wave of the NAFTA battle that we lost."²⁹ The application faced challenges from Democratic members of Congress who said President Clinton had reneged on commitments to aggressively pursue trade practices deemed harmful to domestic constituencies and from Republican dissent surrounding free trade issues. Despite these challenges, in their analysis of the Fast-Track debates, both James Schoch and Richard S. Conley argue the biggest challenge to the application was from the efforts of social civil society actors and labour groups in particular.³⁰ The Congressional Fast-Track vote was delayed twice as President Clinton attempted to build sufficient support. Seeing that he would be unable to secure Congressional approval for Fast-Track, President Clinton was forced to withdraw the application in November 1997. This was the first time that the U.S. President was not granted Fast-Track authority since the provision was created in 1974.

The defeat of President Clinton's Fast-Track authority was a major victory

²⁹ Interview, Washington, D.C., 2001.

³⁰ See James Schoch, "Contesting Globalization: Organized Labor, NAFTA, and the 1997 and 1998 Fast-Track Fights," *Politics and Society* 28. 1 (2000): 119-150, and Richard S. Conley, "Derailing Presidential Fast-Track Authority: The Impact of Constituency Pressures and Political Ideology on Trade Policy in Congress," *Political Research Quarterly* 52. 4(1999): 785-799.

for the civil society groups that were campaigning against the negotiation of United States FTAs and the FTAA itself. The defeat of the Fast-Track should be seen as a clear example of the growing governance capabilities of civil society groups surrounding trade issues. For policy-makers, the Fast-Track defeat signaled the need for a new approach to civil society and trade negotiations. By failing to secure Fast-Track authority, President Clinton effectively put an end to discussions surrounding Chilean accession to the NAFTA and dealt the United States its first defeat in its attempts to negotiate trade liberalisation since the end of the Second World War. This also effectively closed the door on the United States vision of an FTAA negotiated through NAFTA accession.

The controversy surrounding the Organisation for Economic Cooperation and Development's (OECD) Multilateral Agreement on Investment (MAI) has been lauded as a turning point in the evolving governance capability of social civil society groups. The FTAA negotiations were dramatically influenced by what happened around the world in response to the MAI.

MAI

The MAI was an attempt by the most developed countries in the world to create a system of rules to govern international investments. The OECD had begun discussions in secret around creating the MAI in 1993, and by 1995 the negotiators began to work towards drafting an agreement. According to the OECD's final draft text of the MAI, the signatories agreed that the purpose of the agreement was to enhance, "international co-operation with respect to

investment and the development of world-wide rules on foreign direct investment in the framework of the world trading system as embodied in the World Trade Organization.”³¹

The MAI was crafted so that investments would be defined as “every kind of asset owned or controlled, directly or indirectly, by an investor.”³² This definition included such diverse assets as intellectual property rights and performance and contract rights. Pierre Sauvé, the OECD's principal economist during the MAI drafting explained in *Investment Rules for the Global Economy*, that the belief within the organisation was that “the governments of most OECD countries appear to agree that an MAI should not impose any obligations on firms but that it should be binding on governments.”³³ These factors, and the growth of the use of the Internet and its ability to reduce communication costs, proved to be crucial factors that led to governments recognizing the weaknesses of the traditional way of negotiating economic agreements within an era of globalisation.

In June 1995, the trade ministers at the OECD adopted a statement which authorized the negotiation of a multilateral agreement on investments. From that point forward, negotiations were held behind closed doors to draft an agreement.

³¹ Organisation for Economic Co-operation and Development, *The MAI Negotiating Text: (as of 24 April 1998)* OECD (1998): 3 August 1999 <<http://www.oecd.org/daf/cm/mai/negtext.htm>> 7.

³² OECD, *The MAI Negotiating Text*, 11.

³³ Edward M. Graham and Pierre Sauvé, “Towards a Rules-Based Regime for Investment: Issues and Challenges,” *Investment Rule for the Global Economy: Enhancing Access to Markets* Eds Pierre Sauvé and Daniel Schwanin, (Toronto: C.D. Howe Institute, 1996) 135.

The OECD had originally set May 1997 as the deadline for reaching an MAI but this date proved far too optimistic for the negotiations.

For almost two years, negotiations were conducted within the Paris offices of the OECD behind closed doors without any knowledge of the proceedings by social civil society or the media. This all changed as the negotiations approached the initial May 1997 deadline.

As Tony Clarke and Maude Barlow explain, "Martin Khor of the Third World Network [a Malaysia based NGO] was among the first to warn that negotiations to establish a global investment regime were being initiated behind closed doors in Paris."³⁴ The knowledge that the negotiations had been underway created a stir within social elements of civil society who began to search internationally to find more information on the negotiations. The MAI draft text was leaked in March 1997, and was sent around the world through social civil society networks and the media. Within months of the document's release world-wide, "citizens' groups in at least a dozen countries were launching public education campaigns against the MAI, and the cultural community and environmental organisations were spreading the word in their sectors and beginning to network with their cohorts in other OECD countries."³⁵

The international campaign against the MAI also extended outside the 29

³⁴ Tony Clarke and Maude Barlow, MAI: The Multilateral Agreement on Investment and the Threat to Canadian Sovereignty (Toronto: Stoddart Publishing Co. Ltd., 1997), 2.

³⁵ Tony Clarke and Maude Barlow, MAI Round 2: New Global and Internal threats to Canadian Sovereignty (Toronto: Stoddart Publishing Co. Ltd., 1998), 14.

OECD countries. One of the reasons for this widespread opposition to the MAI was the OECD's stated intention to bring the completed MAI to the WTO. Other features within the MAI, including the provision that "this Agreement shall be open for accession by any State,"³⁶ convinced civil society groups, and governments, from developing countries that they must get involved in the MAI process at the OECD.

Not long after the release of the MAI draft text, 565 social civil society actors from 68 countries endorsed a joint statement that noted, "there is an obvious need for multilateral regulation of investments in view of the scale of social and environmental disruption created by the increasing mobility of capital. However, the intention of the MAI is not to regulate investments but to regulate governments."³⁷

The NGO statement addressed several issues of concern in the MAI: among these were that it held no binding, enforceable obligations on investors for environmental or labour standards, did not address issues of anti-competitive behaviour and when enacted would force many nations to repeal their legislation concerning cultural protection and environmental and social welfare. The statement noted, "the problems with the MAI stem both from the broad restrictions it places on national democratic action, and from its failure to include

³⁶ OECD, The MAI Negotiating Text, 103.

³⁷ "NGO statement on the MAI." Dismantling Democracy: The Multilateral Agreement on Investment (MAI) and its Impact. Eds. Andrew Jackson and Matthew Sanger (Ottawa: Canadian Centre for Policy Alternatives and James Lorimer and Company Ltd., 1998), 319.

new systems of international regulation and accountability."³⁸ The statement concluded with the warning that all of the signatories would return to their respective countries and launch campaigns to exert pressure on their governments to persuade them to oppose the agreement.

During these campaigns, the first MAI deadline came and went without an agreement. OECD negotiators set a second deadline for April 1998. In October 1997, the OECD secretary-general invited representatives from social civil society to consult on the MAI. As Elizabeth May, executive director of the Sierra Club of Canada, an environmental civil society group, recalled, the primary challenge brought to the OECD against the MAI was the Canadian Ethyl Corporation case.³⁹

The Ethyl Corporation case stemmed from a lawsuit launched against the Canadian government under the NAFTA because of the government's efforts to ban gasoline additive MMT due to concerns about the additive's effects on the environment. Ethyl Corporation charged that the ban was an infringement on investor rights as defined under NAFTA Chapter 11.

While the specter of corporations challenging government regulations on environmental protection was questioned by social civil society, the manner in which the case was handled by the courts also raised their ire. The Canadian

³⁸ *ibid*, 319.

³⁹ Elizabeth May, "Fighting the MAI," Dismantling Democracy: The Multilateral Agreement on Investment (MAI) and its Impact. Eds. Andrew Jackson and Matthew Sanger (Ottawa: Canadian Centre for Policy Alternatives and James Lorimer and Company Ltd., 1998), 38.

government had asked for the court case to be open to the public so that they would be aware of the proceedings. However, under the investor protection provisions of the NAFTA, Ethyl Corporation was able to restrict access to the public and prevent submissions from groups that supported the MMT ban from addressing the court. May says the case, "probably did more than anything else to spur public opposition to expanded investor-protection rights as set out in the MAI."⁴⁰

The MAI investor protection provisions are similar to those contained within NAFTA Chapter 11 in that they call for states not to discriminate against foreign investments and also require investors to be compensated for infringements on their investments. The dispute resolution mechanisms contained in the proposed MAI also mirrored the NAFTA in the sense that they apply solely to the investor side of the dispute. The Ethyl Corporation case was used to argue that the MAI would limit state sovereignty and grant investors rights equivalent to states through their ability to challenge all laws that they deem to be infringements on their investments.

In April 1998, the second MAI deadline was reached without consensus among the negotiating governments. The OECD announced that the negotiations would be given a six month moratorium in order for OECD governments to conduct consultations and clarify their positions on the agreement. The moratorium should be understood as an effort by governments

⁴⁰ *ibid*, 38.

to find ways to build support for the negotiations and challenge the contentions of social civil society. Consultations and discussions are one of the methods of the passive revolution used by the neoliberal historic bloc in order to form consensus surrounding its proposals. However, the methods of passive revolution were unable to build sufficient support for the MAI. Social civil society used the moratorium to highlight their challenges to the MAI to the public and worked to develop the counter-hegemonic understanding of the MAI.

One week before the October resumption of OECD negotiations, the final blow was dealt to the OECD MAI by France's Prime Minister Lionel Jospin who announced that France would withdraw from the negotiations. France's withdrawal from the talks essentially put an end to the MAI within the OECD. It is important to recognize that the power to stop the MAI rested with states, and was not due solely to the actions of social civil society. The pressure exerted by counter-hegemonic elements of civil society played a large role supporting France in this challenge to the historic bloc through its removal from the negotiations. This decision reflects the weakening hold of the hegemonic vision of the neoliberal historic bloc. The MAI debate highlights the persisting power of certain states under neoliberal globalisation. States remain crucial actors within international negotiations and it should be recognized that the most developed states remain able to exert their power within negotiations.

The Ethyl Corporation case also highlights the inability of these same states to exert their power once they have submitted to trade agreements such

as the NAFTA. The implications of the changing nature of state power before and after the enactment of trade agreements is an important aspect of the calls for increased transparency during trade negotiations such as the FTAA. Despite the end of the OECD's MAI, similar provisions are being discussed in the FTAA negotiations.

Conclusion

Through an examination of the FTAA negotiations, the strengths of the Polanyian-Gramscian position are further demonstrated. While the negotiations clearly illustrate the incorporation of some elements of civil society within the Gramscian state, other elements of civil society comprise the counter-hegemonic bloc. The counter-hegemonic bloc created under the HSA is an expression of certain elements of the double movement. While these groups did not make their presence felt in the early stages of the FTAA negotiations, the following chapter will show how these groups have gained some influence in the negotiations and will reflect on the widening expression of the double movement for social protection in the hemisphere, and around the world.

The FTAA negotiations have also demonstrated the tactics of the historic bloc to engage in passive revolution through efforts to satisfy the demands of social civil society outside of the FTAA negotiations. The Fast-Track defeat and the scuttling of the OECD MAI provoked a new stage in the FTAA negotiations and resulted in an increased attempt of the neoliberal historic bloc to coopt elements of the counter-hegemony.

The next chapter will examine the impacts of these defeats for neoliberal globalisation on the FTAA and detail the further efforts of the historic bloc to coopt social civil society. The spontaneous nature of the double movement for social protection will also be demonstrated as protests against the WTO in Seattle in November 1999 brought a new variety of counter-hegemonic challenges to the neoliberal historic bloc.

It's sort of like the Mississippi-Delta, you have to dredge. You've got to watch out for the silt building up and if you don't keep the channel open, you're not going to be able to get the input that you want. And so, you have to be open for everyone to access, but how much weight we give to each opinion we get, that all depends on where the issue is, where you are, what the situation is in your country, in the other countries....Because this is a world of negotiation and within that everything is negotiable.

Interview, anonymous government official, Washington, D.C., 2001.

Chapter 4

Escalation: Strategies of Passive Revolution in the FTAA

The Fast-Track and MAI defeats signaled a new stage in relations between civil society and governments in trade negotiations. This chapter will examine the effects these defeats have had in changing the nature of the FTAA negotiations. We will see that the changes in the FTAA negotiations with respect to civil society actors have reflected a campaign by the neoliberal historic bloc to engage in the tactics of passive revolution in order to silence and coopt the growing double-movement against the FTAA and neoliberal globalisation in general. The primary mechanism used to try to coopt these groups has been through the creation of a committee for civil society within the FTAA negotiations. As we have seen, the MAI process also highlighted the continued importance of states under late-20th century globalisation. While the governance capabilities of civil society may be increasing, certain states within the global political economy retain their power and continue to play a central role in negotiations such as the FTAA. This chapter will examine the formal period of FTAA negotiations from the San Jose trade ministerial up until the Third Summit of the Americas in Quebec City.

It will be shown that the Gramscian understanding of the shifting nature of hegemony, and the tactics of the historic bloc to maintain their dominant

position, are clearly evident in the motives of the FTAA negotiators. The efforts of governments and elements of business civil society to address the challenges of social civil society, which should be understood as constituting one element of a Polanyian double-movement, will highlight the weakness of the neoliberal approaches to globalisation and illustrate the strengths of the Polanyi-Gramscian paradigm.

Costa Rica and the FTAA

Social civil society action surrounding the fourth trade ministerial meeting, held in San Jose, Costa Rica in 1998, was less pronounced than it had become at the previous Belo Horizonte trade ministerial, since most of the HSA groups were focused on the Second Summit of the Americas occurring one month after the trade ministerial. Therefore, although protests and education campaigns were organized to occur in dozens of cities throughout the Americas in conjunction with the San Jose ministerial, the main emphasis of social civil society was aimed at the Summit and not the San Jose ministerial.

The same emphasis was not seen within the business elements of civil society, as they maintained their focus on having the ABF in conjunction with the ministerial rather than the Summit. At the San Jose ABF, the business representatives reflected the changes that had occurred during the Fast-Track and MAI debates. They recognized substantial progress would need to be made in the negotiations if support for the trade talks was to be maintained. In that vein, they called for the formal launch of the FTAA negotiations at the Summit

and urged governments to “foster, as soon as possible, the sustained advancement of the negotiations in order to establish the FTAA.”¹ While the ABF continued to lobby for more access to the negotiations, there was also a recognition that elements of business civil society needed to work harder to promote the ideas of free trade.

A keynote speech to the ABF given by president and CEO of the U.S. Chamber of Commerce, Thomas J. Donohue, addressed the weakening hold of the neoliberal vision of globalisation over the public and politicians of the Americas. Donohue was highly critical of the U.S. Congress members who voted against the Fast-Track approval and called on business civil society to counter the messages of social civil society. He said the U.S. Chamber of Commerce was “planning a massive trade education program to counter those interest groups in our country which exploit people's fear of change and encourage their inclination to turn inward.”² Donohue called on the elements of business civil society to build support for the neoliberal historic bloc: “If we don't make the case for it [free trade], no one else will.”³ These comments illustrate growing awareness within the business community that support for neoliberal globalisation could no longer be taken for granted. The defeat of the MAI and

¹ Americas Business Forum, “Fourth Business Forum of the Americas, Workshop 8: Participation of the Private Sector in the FTAA,” ABF (1998): 20 March 2001 <http://www.sice.oas.org/Ftaa/costa/forum/workshops/conclus/wks8_e.asp>.

² Thomas J. Donohue, “Free Trade in the Americas: Why Business Must Take the Lead,” ABF (1998): 20 March 2001 <http://www.sice.oas.org/Ftaa/costa/forum/donohu_e.asp>.

³ *ibid.*

the Fast-Track had demonstrated the weakening hegemony of neoliberal approaches to trade.

There was also a recognition of the changing nature of discourse surrounding trade at the ministerial. Held one month before the second MAI deadline, and six months before France would put an end to the negotiations, the fourth trade ministerial reacted strongly to the challenges to neoliberal hegemony. At the ministerial, the American negotiators continued to push for the inclusion of labour and environment in the negotiations and were once again faced with opposition from several countries. The idea to form a committee that would be open to all members of civil society was advanced by the Canadian trade minister Sergio Marchi.

A core group of Canadian social civil society groups had formed during the Canada-United States Free Trade Agreement, and this group had maintained their links through the NAFTA and the FTAA negotiations. This group was primarily composed of representatives from Common Frontiers, the Canadian Labour Congress, the Canadian Council for International Cooperation, and the International Centre for Human Rights and Democratic Development. These representatives had held informal meetings with the Canadian Assistant Deputy Minister, Kathryn McCallion, several times since the first Summit of the Americas in Miami. In advance of the San Jose ministerial, a meeting was arranged for this group to meet with Marchi.

At this time, Marchi was involved with the MAI and was seeing first hand

how the old ways of negotiating trade agreements were falling apart. According to a member of one of the social civil society groups that was present at the meeting, Marchi "went on his tirades" about how issues such as the environment, labour and human rights could not be addressed within trade discussions;⁴ however, actions taken at the San Jose ministerial demonstrated a recognition by the Canadian government that something must be done in the FTAA to prevent another situation such as the one that had arisen surrounding the OECD MAI.

According to neoliberal economic thought, issues such as labour, human rights and the environment should not be addressed within the context of trade agreements because they are not "trade issues." Neoliberal theories of trade are drawn from economic thought that treats human rights and the environment as externalities. These issues are externalities because they are conceived as being outside of the market model, and are therefore not relevant trade issues. The actions of civil society groups to push for the inclusion of these issues into trade agreements reflects the Polanyian approach that these goods should be considered to be false commodities and poses a direct challenge to the neoliberal paradigm of trade negotiations.

The challenges of accounting for labour and environmental concerns within the FTAA was examined in the Organization of American States publication *Trade Rules in the Making: Challenges in Regional and Multilateral*

⁴ Interview, Ottawa, 2000.

Negotiations. The challenges posed by these issues to neoliberal approaches to trade are highlighted in two chapters in this book. In the chapter on labour, Craig VanGrasstek, from the American University and the VanGrasstek Company, examined the efforts to address labour through International Labor Organization (ILO) core labor rights.⁵ VanGrasstek argues “the high profile of this issue has posed a great complication for the politics of trade liberalization at both the domestic level and the international level.”⁶

The challenges of incorporating environmental concerns into agreements was examined by Gary P. Sampson of the WTO. Sampson examined the WTO's Committee on Trade and Environment which was established in 1995. WTO rules on the treatment of environmental standards are important for the FTAA negotiations because from the beginning trade ministers have agreed that the FTAA would be WTO-consistent. Sampson argues, contrary to social civil society challenges, that trade rules do not prevent states from protecting the environment, and suggests environmental specialists address issues surrounding the environment, not trade specialists. He argues, “WTO rules

⁵ ILO core labour rights generally fall into three areas: prohibited practices, political rights and specific standards. VanGrasstek notes the ILO has highlighted seven of the 181 organization's conventions to comprise the organization's definition of key labor rights. These conventions are: Freedom of Association and Protection of the Right to Organize (Convention 87); Right to Organize and Collective Bargaining (Convention 98); Forced Labour (Convention 29); Abolition of Forced Labour (Convention 105); Discrimination (Employment and Occupation) (Convention 111); Equal Remuneration (Convention 111); and Minimum Age (Convention 138). See also Michel Dion, “Towards a ‘Social Clause’ within the Hemispheric Economic Integration process (NAFTA, MERCOSUR, FTAA),” (Ottawa: Canadian Centre for Foreign Policy Development, May 1998).

⁶ Craig VanGrasstek, “Labor Rights,” Trade Rules in the Making: Challenges in Regional and Multilateral Negotiations Eds. Miguel Rodriguez Mendoza, Patrick Low, and Barbara Kotschwar. (Washington: Organization of American States and Brookings Institution Press, 1999), 487.

place essentially no constraints on the policy choices available to a member country to protect its own environment against damage."⁷

Environmental groups challenge these arguments by pointing to several cases brought before the WTO that have led to the removal of environmental standards. The WTO's first decision was due to complaints by Brazil and Venezuela against the United States over the country's Clean Air regulations. The WTO dispute resolution trade panel "concluded that U.S. Clean Air regulations were in violation of the national treatment provisions set out in Article III of the GATT. Furthermore, the U.S. could not rely on the environmental and resource conservation exceptions set out in Article XX to sustain its regulatory approach."⁸ Several other important cases, such as the Shrimp-Turtle case, the Canadian challenge of a U.S. Asbestos ban, and the challenge of the European ban on hormone-treated beef, have demonstrated that the neoliberal understanding of environmental protections as possible non-tariff barriers to trade has given some credibility to the challenge that environmental provisions are not adequately protected by remaining outside of trade agreements.

The challenges of both these issues also apply to the inclusion of human rights in trade agreements: namely that these provisions could quite clearly be

⁷ Gary P. Sampson, "Trade and the Environment," Trade Rules in the Making: Challenges in Regional and Multilateral Negotiations Eds. Miguel Rodriguez Mendoza, Patrick Low, and Barbara Kotschwar. (Washington: Organization of American States and Brookings Institution Press, 1999), 523.

⁸ Steven Shrybman, A Citizen's Guide: The World Trade Organization, (Ottawa: The Canadian Centre for Policy Alternatives and James Lorimer and Co. Ltd., 1999), 87.

interpreted, and used, as protection by more developed states against less-developed ones. At the policy level, it is quite true that "for better or for worse, the environment in the context of trade is very much a North-South issue."⁹ However, a recent poll of Latin American people demonstrates that the protection of labour and the environment are not necessarily a North-South issue at the popular level as the poll found overwhelming support for their inclusion in the FTAA.¹⁰ The differences between the policy and popular level support for these issues within all of the countries of the Americas highlights the challenge faced by the FTAA trade negotiators.

The debate at the San Jose trade ministerial surrounding how the FTAA would address the challenges arising from social civil society, and the issues of labour and the environment, was particularly heated. The United States had just suffered the first ever defeat of a Fast-Track proposal and a trade liberalization initiative since the end of the Second World War and vigorously pushed for concessions to be made within the negotiations. The primary challenge to the inclusion of these issues came from Mexico. According to a Canadian government source, the role of the United States in discussions surrounding the

⁹ Diana Tussie and Patricia Vasquez. "The FTAA, Mercosur, and the Environment." International Environmental Affairs 9.3 (1997): 247.

¹⁰ The Latinobarometro is a yearly public opinion survey that examines the opinions, attitudes, behaviour and values of the 17 Latin American countries where it is applied. In the 2000 Latinobarometro, when respondents were asked to answer whether they thought environmental regulations and labour rights regulations should be included in the FTAA, the Latinobarometro found that 85% of Latin American respondents supported the inclusion of environmental regulations, while 87% supported the inclusion of labour rights. Latinobarometro, "Latinobarometro 2000: Presented at Inter American Dialogue, Washington D.C. November 10, 2000," Latinobarometro, (2000): 10 December 2000 <<http://www.latinobarometro.cl>>.

inclusion of these issues was;

Adversary. They were adversarial to Mexico, they pushed the envelope. [The Canadians] are what we call diplomats. We try to play a role where you bring them around. We don't do, good cop, bad cop, this is the role. The U.S. says something and we may agree with most of what they say but we don't agree with everything. They want labour and environmental side agreements right smack in the middle of trade agreements so they can punish countries with their trade law. We absolutely disagree with that. So that's the sort of role we've been playing.¹¹

Canadian Trade Minister Sergio Marchi gave what Kathryn McCallion, the chair of the FTAA negotiations for the first 18 months of negotiations, called "a very powerful intervention in Costa Rica" and insisted that a civil society working group be formed that would provide an access point where civil society could talk to the negotiators.¹² The intervention moved the discussion from the creation of labour and environmental working groups towards the inclusion of civil society in general. The countries that were supportive of encouraging civil society engagement with the FTAA negotiations included the 13 Caribbean countries, the United States and Canada, while the primary challenges were from Mexico supported by Peru and Costa Rica.¹³ The negotiations on this issue lasted until three o'clock in the morning and in the end, the ministers agreed to take an unprecedented step in the context of civil society relations with trade negotiations; they agreed to establish a Committee of Government

¹¹ Interview, Ottawa, 2000.

¹² Interview, Ottawa, 2000.

¹³ Yasmine Shamsie, "Engaging with Civil Society: Lessons from the OAS, FTAA, and Summits of the Americas," (Ottawa: The North-South Institute, 2000), 7.

Representatives on the Participation of Civil Society (CGR) and had worked out a mandate for the newly created committee.

The FTAA committee on civil society received the mandate at the San Jose meeting to accept submissions from civil society groups and present them to trade ministers. In their official response regarding the civil society committee, a joint statement was issued by the trade ministers which stated:

We recognize and welcome the interests and concerns that different sectors of society have expressed in relation to the FTAA. Business and other sectors of production, labor, environmental and academic groups have been particularly active in this matter. We encourage these and other sectors of civil societies to present their views on trade matters in a constructive manner.¹⁴

It is important to note the stipulation that participants must be "constructive." This has caused some disputes between the governments within the committee over what should be deemed to be constructive. The stipulation that comments should be constructive also effectively excludes certain elements of civil society who would rather see the FTAA abandoned since these would not be deemed constructive comments.

The inclusion of business as a civil society group was also criticized by elements of social civil society. While business interests have had privileged access to the FTAA negotiations from the beginning, through the Americas Business Forum, the other groups highlighted in the CGR mandate have not had

¹⁴ FTAA, "Summit of the Americas Fourth Trade Ministerial San Jose, Costa Rica, March 19, 1998: Joint Declaration," FTAA (1998): 3 November 1999
<http://www.ftaa-alca.org/ministerials/costa_e.asp>.

this same access.

The challenges from elements of social civil society to the traditional methods of negotiating trade agreements were also noted by elements of business civil society. For example, the concerns of the United States Council for International Business (USCIB) surrounding access for other elements of civil society were detailed in a 1998 report on "Civil Society in Trade Negotiations." The report challenges the utility of the inclusion of business within forums that bring together all elements of civil society and notes, "we think it highly unlikely that groups with markedly different perspectives will arrive at useful consensus positions."¹⁵ However, the USCIB is also adamant that "as recognized by the U.N.'s Agenda 21, business is an integral part of civil society, and any definition of 'civil society' that excluded business, or was predicated on hostility to free enterprise, would be meaningless."¹⁶ The report also argues the participation of other civil society groups might limit the business sector's ability to support negotiations because it would restrict their ability to share proprietary information. The USCIB recommended that separate negotiations be held between business and other elements of civil society.

Nevertheless, the creation of the CGR signaled a new stage in international negotiations. Some representatives from both government and civil society looked at the creation of the CGR as a real step forward in the relations

¹⁵ United States Council for International Business, "Civil Society and Trade Negotiations: A Business Perspective," USCIB (1998): 18 February 2000 <<http://www.uscib.org/policy/civsocst.htm>> 1.

¹⁶ United States Council for International Business, 3.

between civil society and governments on trade. Consider for example these comments, from Deputy United States Trade Representative Richard W. Fisher, made to a U.S. Subcommittee Hearing on the FTAA weeks after the San Jose Ministerial: "There are other aspects of the San Jose declaration that I think are important and I'd like to bring to your attention here. The first is the establishment of a Committee on Civil Society. One of the greatest threats to hemispheric trade integration is not the difficulty of the negotiations per se, but the apprehension of our respective civil societies -- that is our nongovernmental private sectors -- about the negotiating process."¹⁷

Initial support for the CGR was also given by some members of social civil society. Aimée Christensen, of the International Centre for Trade and Sustainable Development, demonstrated the initial belief that the CGR, "can be an opportunity for demonstrating the compatibility of free trade with environmental protection, and for showing that addressing environmental protection within the trade context can actually be good for the economy as well as the environment."¹⁸

However, because the ministers ran out of time debating the creation of the committee, they had not yet determined how the committee would work or

¹⁷ United States Subcommittee on Trade. Hearing before the Subcommittee on trade of the Committee on Ways and Means. House of Representatives 105th Congress Second Session. March 31, 1998, Serial 105-171. (Washington: U.S. Government Printing Office, 1999), 18.

¹⁸ Aimée Christensen, "The Blueprint for Free Trade from Alaska to Chile: An opportunity for the environment," International Centre for Trade and Sustainable Development (1998) 18 February 2000<<http://www.ictsd.org/html/review2-3.11.htm>>.

who would chair it. These decisions proved to be as contentious as whether to establish the committee. Decisions surrounding how the committee would function were left for a latter date. As we will see, the mechanisms the CGR arrived at for consultation dashed many of the hopes of those supportive of civil society access and participation. These decisions also crippled the desires of the historic bloc to use the CGR as a mechanism for passive revolution.

The San Jose ministerial was also an important turning point for the FTAA as the decision was made by ministers to ask the leaders to announce the formal launch of the FTAA negotiations at the Second Summit of the Americas. The ministers therefore reorganized the 12 working groups into nine negotiating groups in: market access, investment, services, government procurement, dispute settlement, agriculture, intellectual property rights, subsidies, antidumping and countervailing duties, and competition policy.¹⁹ As well as the creation of the CGR, two other committees were created: one on electronic commerce and the other on smaller economies. The nine negotiating groups were called on to prepare annotated outlines of their respective chapters for an FTAA agreement.

As part of the preparation for the official launch, the ministers also called for the creation of a Trade Negotiation Committee (TNC) which would be established in Miami, Florida for the first three years of negotiations. The TNC was called on to guide the work of the negotiating groups and decide on the

¹⁹ FTAA, "Fourth Trade Ministerial."

structure of the FTAA. It was also given the responsibility of ensuring the "full participation of all the countries in the FTAA process."²⁰ Canada, under the leadership of Canadian Assistant Deputy Minister Kathryn McCallion, was chosen to chair the first 18 months of the official FTAA negotiations. The official launch of the FTAA negotiations resulted in a large increase in the amount of work done towards the creation of a Free Trade Area of the Americas.

Santiago Summit of the Americas

The Second Summit of the Americas was held one month after the San Jose Ministerial. It brought the heads of government from the 34 countries to Santiago, Chile, in April 1998 to reflect on the progress made on the Miami Summit Plan of Action, and to lay out new directions for hemispheric integration. The Second Summit focused much more on social issues such as poverty alleviation, education, and support for the maintenance of peace in the hemisphere than on trade issues.²¹ It has been argued that the Second Summit's attention to these issues, rather than those of trade, was due to two factors: "first, doubts on the feasibility of the FTAA due to the failure of the U.S. government to gain congressional *fast-track* authorization in late 1997; and second, a widespread reduced optimism on the sustainability of political and economic reforms and therefore, of successful trade liberalization policies

²⁰ *ibid.*

²¹ Summit of the Americas, "Second Summit of the Americas Santiago de Chile, Chile April 18-19, 1998, Declaration of Santiago" Summit of the Americas, (1998): 04 April 2001 <<http://www.summit-americas.org/chiledec.htm>>.

domestically and continentally, in light of the Latin American economies' vulnerability to global financial turmoil as well as the huge 'social deficit' in most of the states-societies of the region."²² The desire to briefly address trade issues should also be understood in part as a response to the actions of social civil society groups on non-traditional trade issues in the hemisphere.

The Summit Declaration was not mute on the issue of the FTAA though, and the assembled leaders agreed to formally launch the FTAA negotiations. The leaders also highlighted the creation of the CGR and called on "all segments of civil society to participate in and contribute to the process in a constructive manner, through our respective mechanisms of dialogue and consultation and by presenting their views through the mechanism created in the FTAA negotiating process."²³ However, the next sentence in the Summit Declaration reaffirmed the commitment to a neoliberal model for the FTAA by stating that it was the belief of the leaders that economic integration, free trade and investment were the best method to improve living standards and protect the environment in the hemisphere.

The Summit Plan of Action also further defined how the CGR was being approached by the FTAA negotiations. Rather than providing a forum for dialogue, the leaders called on the trade negotiators to "build broad public

²² Vilma E. Petrsh, "Towards 2005: Consistencies and inconsistencies of the FTAA process in the face of challenges to the Liberal Democratic Governance Consensus in the Americas," Robarts Centre (2000): 06 July 2000 <<http://www.robarts.yorku.ca/pdf/petrashr.pdf>>, 15.

²³ Summit of the Americas, "Second Summit of the Americas, Declaration."

understanding of and support for the FTAA, and to consider views on trade matters from different sectors of our civil societies, such as business, labor, consumer, environmental and academic groups, presented to the committee of Government representatives."²⁴ By urging that the CGR be used to build support for the agreement, rather than as a mechanism to debate the merits of the neoliberal approach to the FTAA, the governments demonstrated that the CGR was understood by leaders as contributing to a Gramscian passive revolution.

Outside of the Summit, social civil society groups held a Summit of the Americas of their own organized through the Hemispheric Social Alliance (HSA). Held just before the official Summit, almost 1,000 people from almost every country in the Americas gathered for a People's Summit of the Americas. The theme of the People's Summit was to "Confront the 'Free Market' and Economic Globalisation." The HSA released a document that drew attention to the failure of the negotiators to incorporate the insights of civil society. The HSA announced: "the fact is that the FTAA's negotiations have ignored the opinions of civil society, daring to exclude labor, human rights and environmental concerns."²⁵ The document called for increased dialogue between NGOs, grassroots and community groups, and the governments from the entire

²⁴ Summit of the Americas, "Second Summit of the Americas, Santiago de Chile, Chile April 18-19, 1998, Plan of Action of the Second Summit of the Americas," Summit of the Americas, (1998): 04 April 2001 <<http://www.summit-americas.org/chileplan.htm>>.

²⁵ Carlos Pacheco Alizaga, "Peoples' Summit of the Americas: Confronting the 'Free Market' and Economic Globalisation," Cross Border Links 2.3 (1998): 06 November 1999 <<http://www.zianet.com/irc1/cbl/cblzv2n3.htm>>.

continent. This booklet, entitled *Alternatives for the Americas*, presents the HSA's proposals for an FTAA. In it they argue "at this stage of the struggle it is not enough to oppose, resist and to criticize. We must build a proposal of our own and fight for it."²⁶

The HSA's proposal includes sections for many of the primary issues addressed by the formal FTAA negotiations such as market access, foreign investment, and dispute resolution. To this they also add sections that address the environment, labour, sustainable energy development and the role of the state. In the section on the role of the state the document argues, "the dominant [free trade] discourse demonizes government and assumes that the market does everything better."²⁷ In a challenge to this discourse, the HSA calls for an FTAA to enable states to balance the rights of both national and international capital in order to promote development within the signatory countries. The civil society proposal highlights the social role of the state and argues a free trade agreement must not impinge on the state's ability to improve the health or education levels of its citizens. The Alternatives document also challenges the discourse surrounding hemispheric integration and asks for governments to "end the contradiction between the official language of support for education, poverty eradication, democracy, and sustainable development used in the *Summit of the Americas* process, and the actual practice of articulating trade agreements

²⁶ Hemispheric Social Alliance, Alternatives for the Americas: Building a People's Hemispheric Agreement (Ottawa: Canadian Centre for Policy Alternatives and Common Frontiers, 1999) i.

²⁷ Hemispheric Social Alliance, Alternatives for the Americas, 46.

driven by the interests of investors and transnational corporations."²⁸

While the release of the Alternatives document was a strong articulation of the HSA's alternative vision for the hemisphere, the document was criticised by some government officials as not being a concrete enough proposal.²⁹ The Alternatives document fell under the problem that government officials routinely "deny access for NGOs and other citizens to essential information and insights -- then accuse them of ignorance and unreasonableness."³⁰

The People's Summit also highlighted the divisions between the elements of social civil society encompassed by the HSA, as well as those groups not participating in the process. The fledgling alliance noted, "we now are beginning to unite across borders and across sectors in order to oppose these self-interests with those of the vast majority of the residents of our hemisphere. While the building of such a social alliance is in its early stages, this urgent task has begun."³¹ The challenges of building a coalition of social civil society groups across sectors, countries and levels of development was noted by the groups but they argued they were experiencing "unity through diversity." Tactics that had been used during the FTA and NAFTA debates in North America were being refined and developed in order to build a transnational coalition against the FTAA throughout the Americas.

²⁸ Hemispheric Social Alliance, Alternatives for the Americas, 3.

²⁹ Interview, Ottawa, 2000.

³⁰ John Hay, Civil Society and Summits (Ottawa: Canadian Centre for Foreign Policy Development, 1998), 4.

³¹ Hemispheric Social Alliance, Alternatives for the Americas, vii.

While the HSA recognized the creation of the CGR, several of the groups were skeptical about how the committee would function. Comments made by Warren Allmand, president of the International Centre for Human Rights and Democratic Development, were seen to be consistent with those of several of the alliance members. Speaking at the Santiago Peoples' Summit, Allmand said: "We need to know if this committee is really going to have some teeth and if consultations, in each country and across the hemisphere, will be open, transparent and democratic."³² The concern over how the mandate of the CGR would be interpreted tempered initial social civil society reaction to the creation of the committee.

98 Fast-Track

In the United States, growing frustration with the inability to move the national trade agenda forward provoked Republican Speaker of the House Newt Gingrich to introduce a proposal to grant President Clinton Fast-Track negotiating authority in September 1998. Once again the civil society coalition effectively lobbied Congress to vote against the approval of the legislation and were able to help defeat the renewal of presidential Fast-Track legislation.³³ Thus, preventing the United States from assuming a more dominant role in the FTAA negotiations.

³² Diana Bronson, "Citizens of the Americas gather in Santiago," International Centre for Human Rights and Democratic Development (1998): 29 October 1999 <<http://www.ichrdd.ca/Libertas/English/Libertas198/summitSantiagoeng.html>>.

³³ James Schoch, "Contesting Globalization: Organized Labor, NAFTA, and the 1997 and 1998 Fast-Track Fights," Politics and Society 28.1 (2000): 119-150.

Establishing the CGR

The purpose of the CGR was refined at the first Trade Negotiating Committee meeting in Buenos Aires in June 1998. According to government officials, efforts to discuss the CGR at this first meeting was particularly difficult because there was no agreement on "the breadth, the depth, the scope, the wording, they couldn't agree on how far this should be taken, nor could they agree on a chair."³⁴ In the negotiations, the two states with the strongest, opposing views on the issue of civil society participation, Mexico and the U.S., both put forward a proposal for a chair. According to Kathryn McCallion, "because of the two almost opposing visions, the Mexican candidate and the American candidate sort of neutralized each other, people weren't ready for one or the other."³⁵

Canadian Trade Minister Sergio Marchi's strong intervention on the issue led some countries to look to Canada to assume the chair of the committee. Commenting on the discussions, Kathryn McCallion said, "the fear factor was that if you got too prominent an individual, they would get carried away from the process. Because this was to be the views of civil society on trade and particularly on the FTAA."³⁶ The negotiators were unable to agree to a chair for the CGR, but agreed to hold a meeting to define a workplan. For this meeting Canada agreed to act as chair since it was chair of the overall process.

³⁴ Interview, Ottawa, 2000.

³⁵ Interview, Ottawa, 2000.

³⁶ Interview, Ottawa, 2000.

The CGR met for the first time in October 1998 in Miami and set about to refine its workplan. The committee established that they would receive written submissions from civil society groups. The workplan stated the submissions would have to be mailed to the United Nations Economic Commission for Latin American and the Caribbean (ECLAC) office in Washington D.C. The CGR members debated whether any submissions could be submitted in any other format, but they could only reach agreement on mailed written submissions.

The workplan also called for the submissions to comply with stylistic components such as a cover page and an executive summary and that it be written in one of the FTAA's four official languages (English, Spanish, Portuguese, or French). The workplan was initiated by the "Open Invitation to Civil Society" issued on November 1, 1998, with a submission deadline of March 31, 1999.

The workplan fell far short of the hopes of the countries that had pushed for the creation of the committee, and the weaknesses of the invitation mechanism for consultations were recognized by some government officials: "I think that in the beginning there was hope that there would be more outreach, that we could meet, that perhaps we could have opened up some aspects of the meeting."³⁷ The weakness of the mailbox mechanism meant that it could not effectively work to coopt counter-hegemonic groups, nor was it strong enough to

³⁷ Interview, Ottawa, 2000.

facilitate an effective method for social civil society groups to challenge the FTAA.

Subsequent to the first meeting, Kathryn McCallion was again asked to chair the committee, and this time the Canadians agreed. Canada was now the chair of the FTAA and the most contentious committee within the FTAA negotiations. Part of the reason for Canada's willingness to chair this committee, "was that Marchi basically bent a few arms personally, in San Jose, and said we're going to do this. It was a bit of a forced issue."³⁸

Social civil society groups were immediately critical of the call for submissions and it became labeled the mailbox. This disappointment was reflected in comments by Thea Lee, of the AFL-CIO, who said,

[w]e call it the mailbox and sometimes we call it the trash box, you don't really know the difference. When you put in the statement, and there's no response, there's nobody saying 'well this is a good idea, this is a bad idea. And this one we'll work with you to see how we could accomplish this'.³⁹

Civil society groups were critical of the manner the CGR adopted to consult with them and as a result several groups decided not to respond to the open call. As a result, after the "mailbox" closed on March 31, 1999, the committee had only received 72 submissions with 50% of the submissions coming from groups from the U.S. and Canada. Business groups contributed 32% of the submissions while labour and environmental groups contributed

³⁸ Interview, Ottawa, 2000.

³⁹ Interview, Washington, D.C., 2001.

30%, the remaining submissions came from academics and other groups or individuals.⁴⁰

Rather than participate in the CGR, several social civil society actors focused on domestic consultations. While most of the FTAA negotiating countries held consultations in private, there were some larger scale efforts to engage with the public. One of the larger efforts to engage with domestic civil society was undertaken by the Canadian government through the Standing Committee on Foreign Affairs and International Trade (SCFAIT).

In September 1998, Canadian Trade Minister Sergio Marchi had asked the government's Standing Committee on Foreign Affairs to prepare a report on the FTAA. The consultations were carried out across Canada and the report was presented in October 1999, "48 witnesses appeared before the Subcommittee and 35 briefs and submissions were received. In addition, of the 394 witnesses who appeared before the joint meetings with the Standing Committee, many chose to address the question of the FTAA."⁴¹ The SCFAIT report contained a list of 29 recommendations on a variety of issues pertaining to the direction and impact of the FTAA. Importantly, the first recommendation was that the government "should work to actively engage civil society."⁴²

⁴⁰ FTAA Committee of Government Representatives on the Participation of Civil Society, "Report of the FTAA Committee of Government Representatives on the Participation of Civil Society," FTAA (1999): 5 March 2000 <<http://www.alca-ftaa.org/spcomm/derdoc/cs3e.doc>>.

⁴¹ Standing Committee on Foreign Affairs and International Trade, The Free Trade Area of the Americas: Towards a Hemispheric Agreement in the Canadian Interest (Ottawa: SCFAIT, 1999): 24 March 2000 <<http://www.parl.gc.ca/infocomdoc/36/2/fait/studies/reports/faitrp01-e.htm>> 1.

⁴² Standing Committee on Foreign Affairs and International Trade, 26.

The Canadian Centre for Foreign Policy Development also held several round-table discussions on the hemispheric integration process with civil society groups in Calgary and Halifax. From these discussions it was noted that "those critical of the government policies said there were contradictions not only in Canadian foreign policy, but also in the government policy as a whole. Some critical questions were raised, including the promotion of civil society abroad amidst damage done to Canadian civil society as a result of the government cut backs or in the wake of the 1997 APEC incident."⁴³ Some participants at the Halifax round-table commented that "a related outcome of the so called 'hollowing out of the state' is a rather paradoxical statement that as democracies spread around the world people have less impact on decision making. While democratisation empowers them, economic globalisation promptly incapacitates them."⁴⁴

The Canadian government's response to the SCFAIT report contends that "[t]he Government believes that considerable progress has been made in engaging our hemispheric partners on civil society issues, taking into account that we are in the very early days in the negotiations themselves and in the FTAA dialogue with civil society, and will be promoting continuous civil society

⁴³ Canadian Centre for Foreign Policy Development, "Report from the Calgary Round Table: Helping to Develop a Canadian Discussion on the Americas - March 17, 1999," (Ottawa: Canadian Centre for Foreign Policy Development, 1999), 4.

⁴⁴ Canadian Centre for Foreign Policy Development, "Report from the Halifax Round Table: Democratisation in the Americas - July 9, 1999," (Ottawa: Canadian Centre for Foreign Policy Development, 1999), 4.

engagement throughout the FTAA negotiations."⁴⁵ While the Canadian consultations were one of the largest, several other countries throughout the Americas held several informal and formal consultations with several elements of civil society on the FTAA. As well as reflecting various efforts to engage with their populations surrounding the FTAA, these consultations also reflect a recognition that the mechanisms established through the CGR were insufficient to coopt counter-hegemonic challenges to the FTAA.

The CGR Committee met on June 17, 1999 to consider the submissions that had been received through the Open Call and to determine how the results would be presented to ministers. Each of the CGR representatives of the countries or regional blocks reviewed the contents of the submissions and prepared a report for the June meeting. At this meeting, the contentiousness of the issue of civil society participation was apparent as the representatives argued over the meaning of the word 'analyse': "Some countries such as Canada meant to consider what was written there, and other countries said it should really just be statistics."⁴⁶ The emotions surrounding the committee continued to run high as the representatives vigorously argued over the manner in which the results would be presented. In the end, the decision was made that the report to the ministers would simply contain a statistical analysis of the

⁴⁵ DFAIT, "Government response to the Report of the Standing Committee on Foreign Affairs and International Trade: The Free Trade Area of the Americas: Towards a Hemispheric Agreement in the Canadian Interest," (2000): 06 April 2000 <<http://www.dfait-maeci.gc.ca>>.

⁴⁶ Interview, Ottawa, 2000.

submissions. The CGR met in October 1999 to prepare the report in advance of the fifth trade ministerial that would be held the following month.

Toronto and the FTAA

The fifth FTAA trade ministerial meeting was held in early November, 1999, in Toronto, Canada. Once again, the Americas Business Forum was held in advance of the ministerial. The Toronto ABF allowed “more than 800 business leaders from 34 countries across the Hemisphere . . . to make deals, discuss critical trade issues and provide direct input into the ongoing negotiations for the FTAA.”⁴⁷ The increase in the importance of the ABF to the negotiations was continued as both Canadian Trade Minister Pierre Pettigrew and Canadian Prime Minister Jean Chrétien addressed the ABF. In his speech, Chrétien warned the business groups that they must help make sure the FTAA process is transparent and “marshal broader support not just from experts, but from civil society.” The Prime Minister warned the assembled trade ministers and business leaders that “we must reach out. And engage our citizens in what we are doing and why we are doing it. And governments and businesses have to ensure that the benefits of freer trade are better communicated to those who fear it will lower rather than raise their living standards.”⁴⁸ Interestingly, for the first time in the history of the ABF, a working group was not established in

⁴⁷ Americas Business Forum Canada, “Fifth Americas Business Forum,” Americas Business Forum (1999): 6 November 1999 <<http://www.abfcanada.com/english/index.html>>.

⁴⁸ Jean Chrétien, “Notes for an Address by Prime Minister Jean Chrétien,” Fifth Americas Business Forum (1999): 6 November 1999 <<http://www.abfcanada.com/english/prime-english.pdf>>.

Toronto to address the role of the private sector in the negotiation of the FTAA.

According to a Canadian business representative, the Canadian government stepped in and played a large role in ensuring that the ABF occurred in Toronto. The representative noted that because the Millennium Round of WTO negotiations was scheduled to begin one month later, there was a general lack of interest from business civil society in the Toronto Ministerial. As a result, the organisation of the forum began quite late but "because the process was started late and the organisation could have been better, the government did get involved."⁴⁹ The Canadian government also provided support for the meeting of social civil society groups that occurred in advance of the ministerial.

For its part, the HSA also held a joint meeting in Toronto. Half of the CDN\$200,000 cost of the Toronto Americas Civil Society Forum was provided by the Canadian Department of Foreign Affairs and International Trade.⁵⁰ At the social civil society forum, the groups presented two papers that contained alternative approaches to hemispheric integration, one on social exclusion, jobs, and poverty and the other on investment. The paper on social exclusion challenged the FTAA's neoliberal approach by arguing that it would be unable to achieve the goals of poverty reduction through an adoption of neoliberal free trade. It called on the governments to adopt an approach to hemispheric

⁴⁹ Interview, Ottawa, 2000.

⁵⁰ Melissa Maclean, "What happened at the Americas Civil Society Forum, Nov. 1-3, 1999," (Ottawa: Report for Americas Policy Group Members, 1999).

integration that "directly confronts the structural obstacles to sustainable development, and consciously builds strong and integrated domestic economies with full participation of all members of society."⁵¹ The HSA's investment paper urged governments to challenge the erosion of their power that regional trade agreements have entailed. They noted that, "[t]he regulatory role of the state has been transformed into one of the adjusting legislation and economic institutions at the service of large local economic groups and transnational corporations which identify themselves as representing the interests and aims of the country."⁵²

The HSA documents also directly address the creation of the CGR in the Social Exclusion report. The report noted the creation of the CGR "was initially an encouraging step, but it has served only to collect written submissions from civil society groups. The issues raised in these submissions have not been analyzed or debated. Unlike the case of the business lobby, there has been no serious opportunity for us to engage our elected representatives."⁵³

The meeting in Toronto proved to be a significant step forward for social civil society as the Canadian government provided unprecedented access by committing themselves to attend the Civil Society Forum. While the Canadian government was the only government that had previously committed themselves

⁵¹ Hemispheric Social Alliance, "Social Exclusion, Jobs, and Poverty in the Americas," (1999): 18 January 2000 <http://www.web.net/comfront/forumdocs_socialex.htm>.

⁵² Hemispheric Social Alliance, "Investment, Finance and Debt in the Americas," (1999): 18 January 2000 <<http://www.web.net/comfront/afinvest.htm>>.

⁵³ Hemispheric Social Alliance, "Social Exclusion."

to attending the forum, the response from the rest of the hemisphere was surprisingly supportive.

In all, 22 trade ministers or their representatives attended the meeting. The ministers arrived at 11:30 a.m. on the second morning of the Civil Society Forum and listened to HSA presentations and fielded questions for 90 minutes.⁵⁴ The importance of issues of civil society participation was illustrated by the efforts of the Chilean minister to attend the forum. The minister arrived at the Civil Society Forum at 11:50 a.m. not because he had changed his mind at the last moment, but because he had come directly from the airport after flying overnight from Chile.⁵⁵

While the interactions were not highly satisfactory for the civil society groups because of the short time and lack of substantial dialogue, the meeting was a reflection of the growing impact of civil society groups. In her report on the Toronto Civil Society Forum, Melissa Maclean noted that the HSA deemed the meeting a success and referred to it as a wonderful piece of political theater: "As one person commented, what the ministers actually said was secondary to the fact that so many attended."⁵⁶

The Canadian government was also very pleased with the meeting. While the government recognized that the short time period did not provide for a substantial dialogue with the groups, the attendance was seen as an initial step.

⁵⁴ Maclean.

⁵⁵ Interview, Ottawa, 2001.

⁵⁶ Maclean.

According to Kathryn McCallion, "it was an attempt to prove to the hemisphere that you could have an organized fruitful dialogue with people as committed to the dialogue in opposed to being on TV and rioting on the streets. So I thought it was a huge success, so did my minister....he was very pleased, in that he recognized that this wasn't perfect but that this was just the first step."⁵⁷

The challenges of North-South transnational coalitions were strongly highlighted at the Toronto Civil Society Forum. Of the 200 civil society representatives that attended the Forum, 87 were from the United States and 88 were from Canada. Although the representation at the forum was highly skewed toward the North, it has been noted that the forum demonstrated that "evident progress has been achieved in the maturing relations between national networks linking North and South, unions and NGOs."⁵⁸ One of the indications of the maturing relations was demonstrated through the efforts of Northern social civil society groups to raise funds in order to bring more of their Southern counterparts to the meeting.

The weaknesses of the HSA were also clearly evident at the Toronto meeting and aside from commenting on the FTAA negotiations, the purpose of the meeting was to develop the HSA. There were two goals present at the Toronto Civil Society meeting that pushed to broaden the alliance by making the meeting open to new organisations and to facilitate more substantive

⁵⁷ Interview, Ottawa, 2001.

⁵⁸ Bruce A. Jay, "FTAA and Civil Society: Did Toronto Talks Advance Participation?" *AmericasNet* (2000): 09 March 2000 <http://www.americasnet.net/indexdocs/New/toronto_legacy.htm>.

discussions between existing HSA members. The loose structure of the HSA has been highlighted as one of its benefits, since the alliance's strengths "come from its national *redes* [networks], and the essential commitment of ACS [HSA] members is to broaden and expand these civil society coalitions, incorporating other countries and cementing the bonds between mass-based organizations such as unions and NGOs in each."⁵⁹ The Toronto Ministerial was a substantial step in the evolving relations between civil society and the FTAA. Although it would be a drastic overstatement to argue that the Civil Society Forum presented civil society groups an opportunity for substantial dialogue with ministers, it nevertheless represented progress for the counter-hegemonic bloc encompassed by the HSA.

At the ministerial itself, the issue of civil society continued to prove to be a challenge. The Mexican representative once again led challenges against civil society participation and almost prevented the CGR from presenting the results of the Open Call to the ministers. While the report was eventually allowed to be presented to ministers, as discussed above, the CGR had only been able to agree to present a very cursory statistical analysis of the submissions. The report did not go into depth with regards to the content of the submissions. Rather, the report merely indicated statistical information with regards to how many submissions were given, and how many of the submissions had addressed certain issues.

⁵⁹ Jay, "FTAA and Civil Society."

While the report provides very cursory examination of the issues presented, it is particularly curt when addressing social issues. In the section pertaining to these issues all that is written is that: "[s]ome of the submissions expressed their concerns on the implications of the FTAA on gender equality, social justice, human rights, poverty, immigration and education."⁶⁰ The report presented to the ministers does not elaborate on how these concerns were raised or by whom. The report also mentions that it was "anticipated that future efforts to gather civil society views through written submissions consistent with the San Jose Declaration would yield greater participation from civil society groups and individuals throughout the hemisphere."⁶¹

A more substantial analysis of the results of the first call was given by Michael Schmidt who noted there were two principal areas of interest. The first area of interest was on procedural matters which include issues surrounding transparency, time lines, civil society input, responses to civil society input and the questions surrounding the future status of the CGR. The second area concerned substantive matters, including workers rights, environment, investment, capital flows/financial architecture, dispute settlement, gender issues, government procurement, and general and miscellaneous issues.⁶²

⁶⁰ FTAA Committee of Government Representatives on the Participation of Civil Society, "Report of the FTAA Committee of Government Representatives on the Participation of Civil Society," FTAA (1999): 5 March 2000 <<http://www.alca-ftaa.org/spcomm/derdoc/cs3e.doc>>.

⁶¹ *ibid.*

⁶² Michael Schmidt, "A Comparative Analysis of Citizen Opinion on New Rules for the Global Economy," New Economic Information Service (1999): 18 February 2000 <http://www.newecon.org/FTAA_Analysis.html>.

Schmidt noted that 24 of the submissions addressed worker's rights, 27 addressed environmental issues, and 4 addressed gender. It was also highlighted that three business groups, the American Forest and Paper Association, the Panamanian Association of Engineers and Architects and the Latin American Industrial Association (AILA) raised concerns surrounding allowing equal access to other elements of civil society. The failure of the CGR to respond to civil society issues was demonstrated as: "[t]here was a consensus from business, labor and environment organizations that input should come on a hemispheric as well as national level, that the ministers be required to respond to the input and that a mechanism for discussion be established."⁶³ These comments illustrate the inability of the CGR to adequately engage in the passive revolution of civil society.

Also at the ministerial, there continued to be a push for progress in the negotiations despite the lack of U.S. presidential Fast-Track. The ministers received the annotated chapter outlines from the negotiating committees and stated that a draft text of the FTAA should be prepared by all countries by the sixth trade ministerial to be held in April 2001.

The ministers also reached agreement on the negotiation's early harvest issue by announcing the implementation of several business facilitation initiatives. The business facilitation initiatives were in the areas of customs procedures and in enhanced transparency in regulatory provisions for

⁶³ *ibid.*

businesses. The integration of states with certain business elements of civil society was highlighted as the ministers noted "proposals received from our business communities have been particularly helpful in shaping our work on business facilitation within the FTAA."⁶⁴

The declaration mentioned that the ministers had received the CGR report, but they did not comment on the quality of the report or address any of the issues raised by submissions. Despite dissatisfaction with the CGR from both several governments and civil society groups, the mandate of the committee was not expanded when the ministers announced the committee would become a permanent fixture of the negotiations.

Seattle

Since the Toronto ministerial, several significant changes have occurred surrounding the issue of neoliberal globalisation and civil society participation in trade agreements. One of the most dramatic changes in trade negotiations would come within a month of the Toronto ministerial.

At the end of November 1999, the debate surrounding civil society participation and free trade negotiations changed dramatically as the protests in Seattle surrounding the WTO's attempt to launch a Millennium Round of trade liberalisation negotiations thrust the spotlight on trade issues. In Seattle, tens of thousands of protestors assembled to challenge the neoliberal vision of trade

⁶⁴ FTAA, "Free Trade Area of the Americas Declaration of Ministers, Fifth Trade Ministerial Meeting, Toronto, Canada, 4 November 1999," FTAA (1999): 04 April 2001 <http://www.ftaa-alca.org/ministerials/minis_e.asp>.

articulated by the WTO and the FTAA. While assorted street protests were able to force the cancellation of the first day of WTO consultations, internal divisions between developing and developed countries resulted in the failure to launch a new round of WTO negotiations in Seattle.

One of the largest provocations that worked to ensure that the negotiations were not launched did not come from the protests outside, but rather came from inside the meeting. In a bid to secure domestic support for Vice-President Gore, United States President Clinton “shocked official delegates by abandoning his earlier suggestion of a mere ‘working group’ to study the effect of trade on labor, replacing it with a call to include core labor rights enforceable by sanctions in future trade agreements.”⁶⁵ This proposal did much to ensure that the WTO Millennium Round would not be launched at Seattle. It has been argued that the collapse of the WTO Millennium Round will focus more attention on the FTAA and strengthen the ability to reach an agreement as negotiators “may now be more willing to make concessions in the FTAA negotiations since providing such concessions no longer would be a factor in terms of the loss of leverage at multilateral talks.”⁶⁶

After Seattle, there has been a growth in international protest movements against neoliberal globalisation and governments have been forced to retreat

⁶⁵ Dale Hathaway, Allies Across the Border: Mexico’s “Authentic Labor Front” and Global Solidarity (Cambridge, Massachusetts: South End Press, 2000), 2.

⁶⁶ Robin Rosenberg, “Stillborn in Seattle: The WTO Debacle – An Opportunity for the FTAA?” New Economic Information Service. (1999): 18 January 2000
<<http://www.newecon.org/Registered/Global/Trade/Rosenberg-12-6-99.html>>.

behind increasingly fortified areas to hold their meetings.

The growth of this protest movement has caused governments around the world to reexamine their mechanisms for civil society participation and represents a further development of the Polanyian double movement against the self-regulating market. Domestically, several initiatives have been launched throughout the hemisphere to encourage civil society participation. These include the desire of MERCOSUR to expand the Economic and Social Councils and the establishment of permanent dialogue between Chilean Foreign Minister Juan Gabriel Valdez and the Chilean Network of the Continental Social Alliance.

One very important initiative was also recently adopted by the South American heads of State. In September 2000, the leaders, "instructed their respective Ministers to create a South American Consultation Forum among high-level officials and representatives of civil society, for the purpose of identifying joint actions of the countries of the region in the fields of trade and investment, addressed to the consolidation and strengthening of integration processes in the South American subcontinent."⁶⁷ This Forum reflects the continued efforts of South American countries to provide stronger opposition to the U.S. in the FTAA.

Several important initiatives have been undertaken with regards to the FTAA since the Toronto ministerial. Further progress towards the completion of

⁶⁷ Permanent Secretariat of Latin American Economic System, "Civil Society vis-à-vis regional and hemispheric integration," *SELA* (2000): 11 October 2000
<http://lanic.utexas.edu/project/sela/eng_docs/spsclxxviodil-2000.htm>.

the agreement has been made as the nine negotiating groups completed the draft of the FTAA for the Buenos Aires ministerial. While domestic consultations have continued to be held between civil society groups and governments, there has also been an increased effort for more access at the international level.

At the hemispheric level, Bolivia has assumed the chair of the CGR and the committee issued a second open invitation. While there was a slight increase in the openness of the committee by allowing submissions to be faxed or emailed as well as sent by regular mail, the stylistic guidelines remained in place and there were no concessions made to enable civil society groups that did not have adequate literacy or financial means to submit.⁶⁸

The second call received a total of 82 submissions, of which only 77 complied with all of the formal aspects. The five submissions that were not included were rejected for not including either a name of an individual or the organisation, or were not in one of the official languages. Each of the rejected submissions was given two-weeks to resubmit but none chose to do so. Interest in the civil society committee has increased with the second open call and in contrast to the first call, all 77 full submissions to the committee have been requested by each of the negotiating governments. Another change that has occurred with the second open call is that there has been an increase in the number of submissions from Latin American civil society groups.⁶⁹ The

⁶⁸ FTAA CGR, "Open Invitation To Civil Society in Participating Countries," FTAA CGR, (2000): 16 March 2001 <http://www.ftaa-alca.org/spcomm/soc2_e.asp>.

⁶⁹ Interview, Washington D.C., 2001.

committee continues to be one the most contentious in the FTAA negotiations. While there has been a slight increase in the submissions, the committee does not effectively function to coopt counter-hegemonic groups because of the weaknesses of the consultative mechanism. The increased interest from governments throughout the hemisphere should be understood as a reaction to the increased pressure on governments to address the concerns of the counter-hegemonic bloc.

Internationally, the HSA has taken yet another step forward with the establishment in of the HSA Secretariat coordinated by the Mexican Action Network on Free Trade (RMALC) in Mexico City. The secretariat is funded through grants from foundations and works to coordinate activity and information surrounding the FTAA. The secretariat has played an important role in helping to organize civil society's "Release the Text Campaign" which calls for the release of the FTAA draft text. While governments have been free to make their negotiating positions public, the official draft text was not released. In a letter to the chair of the FTAA Trade Negotiating Committee (TNC), the HSA called for the committee "to publish immediately the current negotiating texts from each of the nine negotiating groups. We would also appreciate receiving copies of the texts that each of the negotiating groups delivers to the ministers at the end of the year."⁷⁰

⁷⁰ Hemispheric Social Alliance, "Liberate the Text Campaign, Letter to Dr. Rodriguez Giavarini, Chair, FTAA Trade Negotiating Committee," Second Peoples' Summit (2000): January 10, 2001 <<http://www.sommetdespeuples.org/en/pdf/lib%E9rezanglais.pdf>>.

Social civil society attention has also been focused on two upcoming meetings related to the FTAA. The first focus was the sixth trade ministerial held in early April 2001 in Buenos Aires, Argentina, while the second was for the Third Summit of the Americas in Québec City, Canada. Civil society groups from South America have been conducting teach-ins in order to inform their populations about the FTAA and the hemispheric integration process. These groups also held a large protest at the ministerial.

At the Buenos Aires ministerial, the increased pressure from civil society groups throughout the hemisphere provoked the ministers to reexamine the CGR and adopt several measures supportive of social civil society. The mandate and role of the CGR was greatly expanded at the Buenos Aires ministerial. The ministers instructed the CGR, "to foster a process of increasing and sustained communication with civil society, to ensure that civil society has a clear perception of the development of the FTAA negotiating process. To this end, we instruct this Committee to develop a list of options for the consideration and decision of the Trade Negotiations Committee at its next meeting, which could include dissemination programs in smaller economies, which could be funded by the Tripartite Committee or other international sources of funding."⁷¹ For the first time, the Ministers also instructed the CGR to forward the civil society submissions to the Negotiating Groups "which refer to their respective

⁷¹ FTAA, "Free Trade Area of the Americas, Sixth Meeting of Ministers of Trade of the Hemisphere, Ministerial Declaration, Buenos Aires, Argentina, April 7, 2001," (2001): 16 April 2001 <http://www.ftaa-alca.org/ministerials/BAMIN_e.asp>.

issue areas, and those related to the FTAA process in general.” The ministers also officially recognized the various civil society fora that were occurring throughout the hemisphere and called on these groups to present the conclusions of their work to the CGR. These changes reflect a growing recognition throughout the Americas of the need for the historic bloc to coopt elements of counter-hegemonic civil society in order to gain support for neoliberal hegemony.

The most important development for civil society relations within the FTAA negotiations came as the ministers announced they would release the first draft of the FTAA. While the ministers decided to withhold the release of the draft until after the Third Summit of the Americas, the release of the draft text reflects a recognition throughout the hemisphere of the end of the traditional secretive approach to trade negotiations. In the ministerial declaration, the ministers continued to demonstrate that transparency was, for them, a way to build support for the FTAA: “We believe that the dissemination of this text will alleviate considerably public concerns about the FTAA and will establish new standards of transparency in trade negotiations.”⁷² While the ministers committed to release the results achieved in the FTAA negotiating process after each Summit of the Americas, the impact of this measure on transparency is not immediately clear since it is unknown how many Summits will be held before the completion of the FTAA negotiations.

⁷² FTAA, “Sixth Meeting of Ministers of Trade of the Hemisphere.”

The second focus of civil society attention has been on the Third Summit of the Americas held in Québec City from April 20-22, 2001. Social civil society groups engaged in education campaigns throughout the Americas in preparation for the Second Peoples' Summit of the Americas. Plans were also underway to present two documents at the Peoples' Summit. The first document is a revised version of the *Alternatives for the Americas* booklet. There were also plans to present a version of a Social Charter for the FTAA. This document is a legal technical attempt to address the challenge of the inclusion of labour, the environment and other social issues in the FTAA. There was also a major protest against the summit held by groups from across the spectrum of civil society.

The Canadian government launched one of the largest security operations in the country's history in an attempt to prevent another Seattle and ensure the safety of the leaders and of the Summit proceedings. Measures included 6,000 police, the imposition of various codes of conduct and appearance that are designed to deter protestors, the emptying of 500 spaces in the local jail to hold arrested protestors and the construction of a fenced security perimeter around the heart of Québec City. Only individuals with one of 7,000 pre-approved passes were able to enter the secured area.⁷³

Aside from the security provisions and concerns surrounding protests,

⁷³ See for example official Summit Security Website, Summit of the Americas, "Security," *Summit of the Americas* (2001): 7 May 2001 <http://www.securitesommet.ca/pages/menu_e.html>.

leadership challenges also posed problems for the Summit. In a speech given in Washington D.C. on December 4, 2000, U.S. Trade Representative ambassador Kenneth H. MacKay Jr. highlighted one challenge facing the Summit noting, "all of the hemisphere's major leaders, except President Cardoso and Prime Minister Chrétien, have been elected since the Santiago Summit. Thus the accumulated trust between the leaders and personal relationships from Miami to Santiago cannot be taken for granted."⁷⁴ He called the Québec Summit evidence that the hemispheric integration initiatives launched in the early 1990s constituted a "second-generation movement now."⁷⁵

Conclusion

The FTAA negotiations provide a window into the changing global political economy. They demonstrate that the neoliberal dream of globalisation is on increasingly shaky footing as the historic bloc has been unable to effectively practice the techniques of the passive revolution and coopt counter-hegemonic groups. Efforts to create a neoliberal FTAA are being challenged throughout the hemisphere by what could be understood as a Polanyian double movement that has continued to expand throughout the Americas.

As the FTAA negotiations have demonstrated, states continue to play a significant role in a globalizing economy. The FTAA negotiations highlight that despite the progress of civil society groups in articulating their counter-

⁷⁴ John MacKay, December 4, 2000

⁷⁵ John MacKay, December 4, 2000

hegemonic challenges to neoliberalism, they have been largely unable to bring FTAA negotiators towards genuine adoptions of their positions. The limited concessions to counter-hegemonic civil society have been a result of a campaign of passive revolution which has tried to coopt elements of civil society, primarily in the U.S., and dissipate challenges to the neoliberal free trade agenda.

The concluding chapter will contain discussion and reflection of the FTAA negotiations and civil society. The chapter will highlight the challenges of addressing the wide variety of civil society groups and problematise the changing nature of trade negotiations for counter-hegemonic civil society. There will also be discussion of the limits of this research project and areas for further study will also be suggested.

Chapter 5

Conclusion

The earliest possible date to sign the FTAA remains several years away; however, it is already clear that these negotiations are being conducted in an unprecedented manner. The weaknesses of the pluralist approach, which argues all elements of civil society have equal access to negotiators, is clearly demonstrated in the FTAA process. Rather than civil society being a realm where all competing groups are granted access, it has been shown that power relations within civil society play a fundamental role in determining their ability to influence the FTAA. By ignoring power relations, the pluralist approach obscures the differences between elements of civil society. Through the efforts of social civil society groups to pressure governments, changes have occurred within the negotiations, and the wider hemispheric integration processes, that have highlighted the weaknesses of the neoliberal paradigm and illustrated the strengths of the Polanyi-Gramscian approach.

As this thesis has demonstrated, these changes are not being undertaken out of an overwhelming desire on the part of governments to challenge the neoliberal dominance of free trade agreements. Instead, the creation of the CGR and the avenues that have been opened to civil society should be seen as a tactic in the efforts of the historic bloc to exert the strategies of passive

revolution and *trasformismo* on counter-hegemonic groups. Social civil society groups should be understood as one element of the double movement and seen to be engaged in a war of position in order to build support for counter-hegemonic approaches to integration.

It is also evident that states remain powerful and important players in the global political economy. The negotiations have highlighted the observation that certain states retain significant power under globalisation. It should also be noted that these states mediate the messages of civil society from within the historic bloc, and are the primary forum for efforts to exert passive revolution on counter-hegemonic groups.

The trade agreements that are currently being negotiated are not fundamentally about free trade. As we have seen, changes imposed in Latin American countries and the forces of neoliberal globalisation have reduced tariffs and barriers to trade to historical lows, even on such continuing high tariff areas such as agriculture.¹ Trade agreements such as the FTAA are primarily concerned with creating rules and economic rights for businesses, and these rights support the dominance of the transnational historic bloc.

By combining the theoretical insights of Gramsci and Polanyi, it has been possible to develop a critique of the neoliberal paradigm and to problematise the

¹ For example, it has been noted that average tariffs have been reduced throughout the hemisphere from about 45% in the 1960s to the low teens today. Peter F. Romero, "Remarks to the Inter-American Businessmen's Association, in Santa Domingo, Dominican Republic given on October 27, 2000." USTR (2000): 04 December 2000 <<http://www.ustr.gov>>.

dominant approach to civil society. The discussions surrounding the FTAA clearly illustrate that certain elements of civil society are a central part of the extended state and work to support the historic bloc. On the other hand it is also clear that there are elements which work to undermine the historic bloc and try to build a counter-hegemony. This analysis has also revealed the efforts of the historic bloc to reshape their hegemony in order to blunt challenges from the counter-hegemonic groups by using the tactics of the passive revolution.

The inability of the FTAA negotiators to adequately address the challenges of social civil society groups is a reflection of the challenges raised for negotiators by this element of civil society. The negotiators have been unable to effectively use the strategies of passive revolution in the FTAA negotiations and as a result more elements of social civil society have remained aligned against the FTAA. While we have not yet seen the draft text of the agreement, thus far the only concession that has been made has been to open the process to input from civil society.

While the negotiations are ongoing, it should be noted that the FTAA is a relatively low priority for most of the negotiating governments and for the business groups that stand to benefit from the agreement. Without United States Fast-Track authority, the negotiations continue to be mired in an unwillingness by negotiating governments to seriously commit to the agreement. On the other hand, members of business civil society have been able to secure several economic rights through both the multilateral trading arena in the WTO

and through regional and bilateral trade agreements. The FTAA thus occupies a unique space within the global political economy, as its importance for the historic bloc is not clear.

It is likely that the negotiations will continue to gain importance as governments move closer to the 2005 deadline. One of the most decisive battles for the FTAA and for the civil society groups that are opposing the agreement will be on United States President George W. Bush's application for Fast-Track authority. The fight against negotiating authority will have important ramifications for the FTAA and will help to shape the role of social civil society in the ongoing negotiations.

While the discussion within this thesis has detailed the increasing impact that social civil society actors have had in recent years, it would be a mistake to assume that this process will inevitably continue. Two diverging trends can be seen as the increasing efforts by governments to coopt counter-hegemonic groups are also being coupled with an increase in these same governments' efforts to distance themselves from the people challenging these free trade agreements. While this distance was most visibly evident in Quebec City with the construction of the security fence, it should also be understood to reflect governments' inability to account for the rise of the "anti-globalisation" movement.

Since Seattle, the historic bloc has struggled to find avenues to practice passive revolution on these elements of the double movement by trying to

portray certain elements as legitimate while others have been kept outside of official avenues. The protesters pose a greater challenge for the historic bloc as it is much more difficult for governments to practice cooptation on some of these groups since they are more clearly opposed to the foundations of the FTAA. The influence of this movement should however not be overstated. Much of the strength and impact of the protesters has been through their ability to work with and alongside the efforts of counter-hegemonic elements of social civil society. The challenge for the counter-hegemony is therefore to continue to ensure that elements of social civil society are not easily coopted by the historic bloc.

Increasingly, the historic bloc is reshaping and adapting its hegemony in order to more effectively practice the techniques of passive revolution. If governments become more effective in affecting passive revolution, then it is likely that the strength of the double movement against the self-regulating market will be reduced. The United States has taken steps towards becoming more effective in adapting its hegemonic vision to incorporate the demands of elements of social civil society through the negotiation of trade agreements such as the recently signed U.S.-Jordan FTA. This agreement incorporated enforceable workers' rights and environmental protections within the agreement and this has successfully brought the support of social civil society such as the AFL-CIO.²

² John J. Sweeney, "Statement by AFL-CIO President John J. Sweeney on U.S.-Jordan Trade Agreement, October 24, 2000." AFL-CIO (2000): 28 April 2000 <<http://www.aflcio.org/publ/press2000/pr1024a.htm>>.

The movement of governments towards adapting measures to coopt elements of social civil should however not be seen as a defeat to the initiatives of these groups. Rather, they should be understood as a component of the war of position and in the construction of a counter-hegemonic bloc. An important element in the war of position is the undermining of the historic bloc's links to civil society. If permanent revolution is to be achieved, it would make sense for the historic bloc to adopt some of the challenges of the counter-hegemony. Whether these concessions are undertaken as a strategy by the historic bloc for passive revolution, or as a component of the war of position for the counter-hegemonic bloc is not of central importance. In fact, it is clear that the movement that is occurring within the context of the FTAA and of neoliberal globalisation is a component of both these strategies.

As has been highlighted previously, there are several ongoing processes at work in the context of neoliberal trade agreements and their relations with counter-hegemonic groups. As more consultations are being held, there is also an ongoing retreat away from the public throughout the world as meetings to discuss neoliberal free trade become the targets of a world-wide protest movement that can be understood as an element of the double movement.

In a reaction to these contradictory challenges, the efforts of the counter-hegemonic groups must also be brought forward on all levels in order to engage in the tactics of the war of position. Therefore, false distinctions should not be drawn between "acceptable" and "unacceptable" strategies in the construction of

the counter-hegemony. Protests and the actions of social civil society actors should be understood as elements in a wider context of the double movement for social protection from the effects of the self-regulating market as represented by neoliberal globalisation and the FTAA.

The dual approaches of the historic bloc to civil society participation also highlights the need for ongoing efforts by counter-hegemonic blocs to engage in the strategies of the war of position on an ongoing basis. It is well known that the decisions for the FTAA and the processes of hemispheric integration are largely decided in advance of the trade ministerials and the Summits of the Americas. Rather, the majority of the decisions are made at both the domestic level and at the multilateral level through the FTAA working groups and the Trade Negotiating Committee. The strategies of counter-hegemonic civil society must also recognize this and work to engage on these levels as well as at the meetings.

In all, the evolution of the FTAA negotiations and their relations with elements of civil society clearly indicates the weaknesses of the neoliberal paradigm. The Gramscian-Polanyian approach that has been articulated by this thesis provides several useful avenues to understand the changes that are occurring in both the FTAA negotiations and the processes of globalisation that are occurring world-wide. While we have seen that the efforts to reform the countries of the Americas through direct state interventions in the economy created the conditions for the self-regulating markets, these changes did not last

long without provoking challenges. Much as the imposition of the self-regulating market resulted in a spontaneous double movement for Polanyi, this thesis has detailed a similar reaction against the self-regulating market in the Americas.

The FTAA negotiations have also clearly illustrated the mechanisms at the disposal of the historic bloc that are used to practice the techniques of passive revolution against counter-hegemonic groups. It has also demonstrated the growth of an international historic bloc in support of the neoliberal paradigm and the manner in which this transnational historic bloc is integrated through forums such as the Americas Business Forum in order to constitute the Gramscian extended state. Despite the strengths of this analysis, as the project has evolved it has become clear that the complexity of civil society relations with the FTAA negotiations cannot be completely captured in the context of this thesis. For this reason it is important to reflect upon the limitations of this project in order to highlight further avenues for research and share the insights that have come to the researcher during the execution of this project.

Further directions stemming from the limitations of this project

One of the challenges that was faced throughout this thesis was contending with the varying understandings and interpretations of the concept of civil society. No one that I interviewed, whether they were from business, social civil society or governments were completely satisfied with the term civil society.

It became clear that the confusion surrounding the term poses both a benefit and a challenge for the historic bloc. On the one hand, the creation of

the CGR was able to use the ambiguities of the term to foster increased dialogue with "constructive" members of civil society that primarily included business civil society. On the other, civil society is often understood by several members of social civil society, and by some government officials, as excluding business.

More work must be done to develop appropriate categorisations and distinctions within civil society in order to highlight the power relations that exist in this realm between business and social elements, and also within these elements of civil society themselves.

It is important to keep in mind that although efforts have been made to simplify the processes of integration, "one of the great dangers when speaking of interaction or 'integration' is to understand them as being a process of integration between homogeneous nations leading towards global homogenization."³ Therefore, we must be conscious that the analysis of civil society actors within integration efforts will only capture some aspects of the histories, cultures and efforts of the various civil society actors engaged with these agreements. While this study has focused on certain elements of civil society, it would be an error to assume that this study has provided a comprehensive picture of civil society activity. Several of the impacts of civil society groups are not registered in the official histories of these efforts, and the challenges from certain sectors are highlighted while others are forgotten. This

³ Elizabeth Jelin, "Dialogues, understandings and misunderstandings: social movements in MERCOSUR," International Social Science Journal 159 (1999), 40.

study has attempted to reflect a wide variety of civil society actors in an effort to illustrate the diversity of civil society.

One of the primary limitations of my research has been through my inability to conduct interviews and seek information from Latin American governments and civil society groups from the Caribbean or Central and South America. For much of the thesis there was also a limitation due to my inability to conduct research in Spanish or Portuguese. These language and locational barriers are an important limitation of my research. While I have made efforts to diversify my research by integrating the perspectives of those from the South, it is important to recognise that further research would strongly benefit from detailed research and interviews to gain more perspectives from the South. It would also be important to assess the appraisal of North-South relations in the Hemispheric Social Alliance from social civil society groups from the South, in order to discern how well the concerns of the South are met by this group.

The challenges leveled at neoliberal globalisation have also taken on a new character as a new element of the double movement has publicly emerged since Seattle. It is clear that this manifestation of the double movement poses a distinct challenge to neoliberal globalisation and that it is having an effect on both the historic bloc and on elements of the counter-hegemonic group.

It is very important for further research to be done examining the effects of the rise of an anti-globalisation movement on both the historic bloc's efforts at passive revolution and on the counter-hegemonic war of position. The effects of

this movement on the actions of social civil society would be very important to analyse in order to assess the impact of protesters on these elements of civil society. At the Third Summit of the Americas, the Hemispheric Social Alliance led their march away from the security perimeter that the Canadian government erected, and also away from the protesters. The dialectical relationship that is emerging within the context of the FTAA negotiations will provide important avenues to shed light on the relations between these groups.

As highlighted above, the vast majority of the work that is done within the FTAA is done in advance of the ministerials and summits. A more detailed analysis of the domestic consultations, both formal and informal, would be useful for further understand the relationship between state and civil society within the FTAA negotiations.

Conclusion

The FTAA negotiations are slightly over half-way to the 2005 deadline, yet they have already introduced several substantial changes in the manner in which trade negotiations are conducted. The negotiations will only become more frantic and fast-paced as the deadline quickly approaches. It is important for counter-hegemonic groups to not allow themselves to be further left outside of the dialogue as the negotiations become increasingly technical over the next couple of years.

On the other hand, these groups must also not ignore the efforts of other elements of the double movement against the self-regulating market. To borrow

a term from the protestors, there must be a respect for a diversity of tactics if the three fictitious commodities are to be adequately protected and embedded within the framework of hemispheric integration.

The challenge for the counter-hegemony is to engage in a war of position in order to undermine the civil society supports for the historic bloc. The FTAA negotiations will continue to be an interesting testing ground for efforts by the historic bloc to practice passive revolution on the vast double movement that is arising in opposition to neoliberal globalisation, and the FTAA. They will also illustrate the relations between counter-hegemonic groups and the global political economy.

Appendix A

Notes on Methodology and Methods

In the process of researching this thesis I have taken several steps in order to triangulate my research and to probe behind the official accounts to discern what the reasons are for the changes in state-civil society relations that have occurred within the context of the FTAA negotiations. Due to the secrecy surrounding the negotiations and the lack of information, it has been important to use research methods other than document analysis.

Epistemologically, this project has attempted to balance the particularistic focus on the state-civil society relations within the context of the FTAA negotiations with a larger holistic approach that highlights the links between the FTAA and other neoliberal projects. Adopting a Gramscian historical materialist perspective has highlighted the need to look at the FTAA negotiations and the actions surrounding them as adaptive processes that react to factors in both domestic and international realms. The focus has been on the relation of these negotiations within the global political economy.

The methods used in this project were undertaken with the goal of gaining a better understanding of the dynamics that exist between and within civil society organizations and government. I have been able to expand my research by adopting several participant observational approaches.

I was able to participate in two consultation meetings between social civil society and representatives from the Canadian government in preparation for the OAS 30th General Assembly held in Windsor, Ontario, in June 2000. These meetings enabled me to better understand the dynamics of civil society-state consultations. From these meetings, I was also able to attend the General Assembly as an observer. As there was also a large protest planned outside of the OAS meeting, I was also able to observe the tactics of counter-hegemonic groups that had assembled to protest against the meeting. Through the observation of civil society activity both inside and outside the meeting I was able to refine my understanding of civil society and also better understand the role of protest groups in the hemispheric integration process.

Another important phase of my research involved my participation in a six-month internship at the Inter-American Development Bank (IADB) in Washington, D.C. This opportunity allowed me to attend several hemispheric meetings on the role of civil society and also to develop my research by hearing discussion surrounding the role of civil society from representatives of Latin American countries. It was also in this stage of my research that I began to learn Spanish.

The final major participant observation opportunity that has contributed to my analysis has been through my attendance at the Third Summit of the Americas. I was able to view the different strategies that social civil society and protestors have taken in order to challenge the FTAA at the Summit. This

experience has contributed to my understanding of the relationships that exist between social civil society and protestors as elements of the double movement.

While all of these experiences have been important for gaining an understanding of the complex relations between and within civil society and states, one of the most important methods undertaken to research this project was through personal interviews.

In all, 18 interviews were conducted with representatives from both government and civil society in both Canada and the United States.¹ The interviews lasted on average an hour and examined both the processes and approaches to civil society in the FTAA negotiations. The focus of the interview was to better understanding how interviewees saw the state-civil society relations in the negotiations. Nine interviews were conducted with government representatives, seven conducted in Canada and the other two done in the United States. Six social civil society representatives were interviewed, three in Canada and three in the United States. There were also three Canadian business civil society representatives interviewed. All but four of the interviewees requested anonymity in the interviews. In order to ensure anonymity, the interviews were all transcribed and coded according to the individual's role as either business or social civil society or government. Interview recordings were destroyed once coded transcripts had been made. As

¹ See Appendix B for a copy of the cover letter and informed consent form that were used for all of the formal interviews.

well, all references that might indicate the identity of these anonymous sources were removed. The research was conducted in accordance to the Tri-Council Policy Statement "Ethical Conduct for Research Involving Humans."

The combination of various research methods has helped to develop this project and has contributed to a better understanding of the relationship between state and civil society representatives in the FTAA negotiations.

Appendix B.

Cover Letter and Consent Form

**Michael Bassett
M.A. Thesis Researcher
Carleton University,
Institute of Political Economy
Ottawa, Ontario, Canada
email: m_j_bassett@hotmail.com**

To whom it may concern:

You are being formally invited to participate as an interview subject in a Master's thesis project on the Free Trade Area of the Americas (FTAA) negotiations and civil society.

This project seeks to better understand the relationships between governments and civil society actors in these negotiations. In particular, this research is interested in efforts to formally include non-traditional civil society actors, such as environmental, consumer and labour groups, in the FTAA negotiations through the creation of the Committee of Government Representatives on the Participation of Civil Society. This research will result in a thesis which will be made public through the Carleton University Library. There is also a possibility that the research will be published in either book or article form.

As an interview subject for this research project it is important that you understand that you are not bound in any way to comply with the interview. You retain the right to stop the interview at any time without prejudice. It is important that you understand that you have the right to ask for clarification or refuse to answer any of the questions that you are asked throughout this interview. You will also be given the option to keep your comments anonymous. The process for ensuring anonymity will be explained on the following consent form.

I only ask that you answer the questions as truthfully as you can so that the research can more accurately reflect and inform discussion surrounding the FTAA and civil society. The interview should be completed within 30-45 minutes.

Thank you in advance,

Michael James Bassett

Informed Consent Form

Purpose of consent form:

A consent form is intended to outline the interview subject's rights and to help explain the purpose of the research they are contributing to. The interview subject will retain a copy of the consent form as will the researcher.

Statement of research to be undertaken:

The undersigned is being invited to participate in the research process for a Master's thesis on the FTAA and civil society which will be made public through the Carleton University Library. The project may also be published in book or article form.

Contact information:

Researcher -- Michael Bassett, email: m_j_bassett@hotmail.com

Thesis Supervisor -- Prof. Laura Macdonald, email: laura_macdonald@carleton.ca

Department Chair -- Prof. Rianne Mahon, email: rianne_mahon@carleton.ca

Interviewee's rights:

The interview subject recognizes that they can stop the interview at any time without prejudice.

Process for ensuring anonymity:

- each interview will be transcribed by the interviewer and coded according to the subject's organization and given a number. For example, a government representative would be coded as G-01.
- a record of the interview subject's coding will be kept in the thesis supervisor's locked office and the researcher's computer.
- any audio recordings will also be similarly coded.
- any records of the interviews will be destroyed at the conclusion of the research.

Request for anonymity:

☐ I _____ wish to remain anonymous.

☐ I _____ do not wish to remain anonymous.

Agreement to participate in the research process:

Name of interview subject (please print)

Signature of interview subject

Signature of researcher

Date

The researcher agrees to comply with the Tri-Council Policy Statement "Ethical Conduct for Research Involving Humans."

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