

SOCIAL EXCLUSION AND DEMOCRACY: AXES OF THE AGENDA FOR THE FTAA?

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Introduction

Two decades ago, before the model of the welfare State entered its terminal crisis and notions of market fundamentalism were not common, it was thought that democracy was the sole subject of politics, and that it would be irrefutably clouded by any kind of involvement with the economic realm. In the 1960s and 1970s only empires such as the USA and the USSR had the audacity of making practical generalizations about their ideological, economic and political preferences: liberal market democracy and state socialism were ideological flags with which both empires sought to forcefully export their own universalist beliefs about what would be the most appropriate regime for the world. The question that we keep on posing today is not whether democracy or socialism are the most desirable destinies, but if it is possible to be induced to democracy by way of the free market, or if democracy itself is a consequence of the adjustments and internal conditions of each country, and it is determined by the presence of specific actors without whom the prescribed democracy is a mere illusion.

Only five years ago, before NAFTA became operational, the formation of an American block of free trade would have only been a questionable prediction. In a few years, nevertheless, concrete steps in that direction have taken place: NAFTA is valid and effective, and MERCOSUR has been established (with the recent commercial entailment of Chile). The process of commercial liberalization in Latin America is catching up quickly to most of the countries of the continent (Cuba will probably be involved in it earlier than we think).

Mexico is acting swiftly and unfolds intense activity of negotiation in Central America, with the European Union and with the countries of South America. The process of regional integration which has witnessed the participation of 34 countries of the American continent, although an ambitious and impressive process, and, without a doubt, a positive one too, certainly involves a complex process whereby economic and political interests, spheres of influence, and preferential relationships are made public. There is also the issue of spheres of regional hegemony that, in an interdependent, globalized world, are comprised within factors of power that exist in the spheres of hegemony at the global level. Mexico is struggling to become one of the most dynamic agents in the course of globalization and one of the most active promoters of free trade and regional integration. A perfect example is the ambitious *Puebla-Panama Plan*, which promotes the accelerated development of the south of Mexico and of the countries of Central America, and which will undoubtedly have major geopolitical repercussions. The partners of NAFTA are showing a high degree of enthusiasm for the process of regional integration, while it is in fact possible that they will only gain precarious, economic benefits, mainly geared towards the USA and

Social exclusion and democracy: axes of the agenda for the FTAA?/Jorge E. Brenna B.

Canada, from the commercial transactions that will take place in the designated Free Trade Area of America (FTAA). Certainly, it seems that the principal benefits will be of a political nature, mainly because the magnitude of a regional alliance headed by the USA will embody a substantial political support cluster when we think in terms of policy at global level between "global powers". In this sense, the potential for an international political agenda of the USA at this level will be considerably increased, as compared to the potential of other regional forces (European Union, Southeast Asia, Japan, China, etc.) that at this moment are shaping the commercial, financial and technological flow, as well as the rules of an international political arena. Moreover, actors of lesser political and economic weight would benefit in different ways. Canada, Mexico and Brazil (to name only the most significant) exhibit regional and global interests whose potential needs to be exploited. The negotiations that have taken place in order to create the FTAA display the interests and positions that are part of this power game. Therefore, we need to be very cautious when analyzing the rhetorical declarations of the participating governments versus the political reading of the interests and of the actors who are really in the midst of the negotiation.

In this brief essay we make a general assessment of the problems encountered by the process of regional integration in terms of the social and political priorities of the present agenda of the negotiations. In the first place we address what seem to be the repercussions of globalization for the American continent, which condition its economic and political behavior. Secondly, we briefly compare and contrast the concepts of "globalization" and "neoliberalism" mainly due to the fact that they are often identified as one and the same concept. The rest of the document contemplates the implications that re-designing the economic space would have for Latin America and, at the same time, the consequences that such a re-design would have for Latin American political and economic institutions, while adapting to processes of such a large historical magnitude as is the structure of the FTAA. Finally, we consider the role that topics such as social exclusion and democracy have to play in a developing process like this one, and that has remained in the declarations of the Summit of the Americas celebrated in Quebec on April of 2001.

The imperative of globalization

We have no intention to add more to the extensive literature on the particular characteristics of globalization. In this paper we only want to point out that those processes of regional integration that developed so strongly throughout the 1990s, have much to do with end to the effectiveness of the space of the national economy, closely associated to the notion of national State. The free market becomes a reality of international scale, and its processes flow and reproduce on a global scale. It sounds easy and simple but in reality it is neither easy nor simple for those societies that during many decades were

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accustomed to thinking about their economies and processes of production and exchange on a local-national scale, and had only ventured in apprehensive and cautious exchanges at the international scale. What I mean, then, is that a new global scale for economic, financial, technological and cultural exchanges, etc, entails a need to think about the dynamics of these societies on a new scale which implies, to begin with, in addition to an ampler mental scale, a vision of the interconnections, the interdependence, the exchanges between countries that for decades have been making their economies circulate on an international level with other countries that are less developed and are accustomed to the narrow limits of their national economy and local dynamics. In more concrete terms it means for countries such as the ones in Latin America a requirement to begin to make serious attempts to rearticulate societies in the frame of globalization. A re-articulation that implies an institutional reconstruction in order to face a process of regional Integration that, as the facts show, has been developing particularly throughout the 1990s. This re-articulation supposes the challenge of redesigning the economic space on a par with the political institutions. In sum, the most recent tendencies of globalization are being consolidated in the increasing internationalization of production, finances and exchange. Globalization catalyzes internal processes of differentiation, already in progression, causing new ones to develop; it clearly benefits certain regions while it has an adverse effect in others, all of them involved in an intense dynamics that escapes, to a great extent, any control at the state level and that requires a re-articulation of political spaces. The national State has ceased to be an adequate type of political community, and it is clearly not endowed with the necessary characteristics to confront many of the new realities and political, social and economic challenges of a world that becomes more and more interdependent. Thus, we find a crucial dilemma between a) the functions of the state to exert territorial sovereignty and b) the real spaces where the systems of production, distribution and exchange, and the financial transactions are actually taking place. The State tends to adapt itself to this situation by becoming adjusted to global dynamics and transforming itself into a mediator between internal and international pressures. Nevertheless, economic globalization is not being accompanied by a corresponding *institutional globalization*.

Rearticulating the national-regional spaces

Parallel to the integration of continental economic spaces we may also observe a tendency towards the expression of old and new radical separatisms and regionalisms. This has given rise to an overhaul of concepts of national sovereignty, autonomy, self-determination, nation-state and national security. But it is necessary to single out particular cases such as those of Catalonia in Spain or Quebec in Canada,

Social exclusion and democracy: axes of the agenda for the FTAA?/Jorge E. Brenna B.

which cannot be compared with the Basque Country in Spain or Chiapas in Mexico. For the moment, they are far from being secessionist movements (with the exception of the terrorism of ETA in the Spanish Basque Country). Neither are they impoverished regions that demand better treatment (with the exception of the indigenous upheaval that is now taking place in Chiapas). All of these cases represent regions whose economic potential has been fortified by the new international economic relations, and thus, demand a high level of autonomy, vis-à-vis the nation-state to which they are inserted.

In each one of the regional blocks we are witnessing at the moment, with certain differences in degree of evolution, an economic integration of grand spaces. National borders do not limit its logic of integration. Basically, it focuses on the economic viability of regions that have been articulated by multinational projects of regional and continental importance. These regions become more and more crystallized, with the appearance of investment zones that happen to be attractive by virtue of globalization and the advantages of free trade.

However, we have to ask ourselves, what has changed within the economic and political relations at an international scale that the region of Latin America has necessitated such a redesign of economic and institutional spaces? After the Cold War the conditions in which the Latin American region was inserted vis-a-vis the great economic and military powers, was modified in some way or another. On the one hand, competition still concerns national influence, but an influence that is obtained through commercial success and industrial and scientific leadership¹. On the other hand, we have evidenced an increase of the importance of economic subjects within the agenda, and an ever-greater emphasis being given to the "new" subjects of the "negative agenda." At the moment we can appreciate an impressive ascent in the global agenda of subjects that, in the previous order, had occupied a secondary place. These subjects have now been designated as part of the "negative agenda," which includes subjects such as: an increase of regional areas of poverty, migration, the deterioration of the environment, an increase of drug trafficking and its penetration in the institutions of government and the transnationalization of the terrorism.

We face in the near future the possibility of having in Latin America and the Caribbean a greater space of action and influence for *extra-regional* state and private actors. This tendency that has been created, would make possible the profit of a greater space of action for international organisms and the fortification and/or development of international regimes in numerous thematic areas, particularly in the traditional areas of interstate security and in the subjects of the "negative agenda." Nevertheless, we need to recognize, and to comprehend as a bit of information for the long run, that the United States will continue

¹ William Pfaff, (1990): *The wrath of nations civilization and the furies of nationalism*. New York Simon and Schuster

² The FTAA then becomes a key factor in strengthening the position of the United States among the international concert, mainly vis-a-vis the European Union, G-7, Japan and Switzerland. On the one hand it will unite 34 of the 134 countries that form the OMC, in a common front, hegemonized by the United States. On the other hand, it will put to work for the entire hemisphere the proposals that have been disallowed by the OMC and other agreements, demonstrating that the accords that are restricted to commerce are possible without having to include social, environmental or labor-related topics.

Social exclusion and democracy: axes of the agenda for the FTAA?/ Jorge E. Brenna B.

to be the key state actor for the region, by virtue of its vital role in the processes of world-wide economic integration, as well as in the strategic policies of international institutions in which the most powerful states concur since it has a relational and structural power greater than the rest of the states. That is to say, unlike the limited protagonist role of other states, in America and another regional organizations, the USA will continue to be a protagonist in the primary structures of a worldwide system (structures of knowledge, production, and security). Might we be witnessing an emerging type of interventionist protectionism, centered strictly in those interests of the USA that are affected by the topics of the "negative agenda", in detriment to the interests of its regional partners in North America (Canada and Mexico) and those which currently attend the negotiations of the FTAA?²

False analogies

When analyzing the implications of the processes of regional integration headed by the regional powers in the world (USA, Japan and the European Union), where countries subordinated to economic and political dynamics concur, the ideologized readings of progressive sectors (oriented towards the left) always fall in the game of conspiracy theories, that see in the presence of the USA the hand of imperialism or, as it is commonly said today, the hand of neoliberalism. We are erroneously making globalization synonymous with neoliberalism, and free trade with democracy (from the technocratic right). The so-called "Washington consensus" has been responsible, up to a certain point, of this confusion whereby it establishes a schemata of "unique thought" which decrees that globalization is an inevitable destiny (and it is), against whose effects there is no more political answer than neoliberalism.³ This is false. Globalization as a historical process is a fact from which we need to set out in order to be able to see the conditioners of the economic, social and political reality of our countries, but this does not imply that we must forget that there are a multitude of ways to insert ourselves into globalization. We also need to be aware of the vast amount of public policy schemes that allow us to reject any notion that makes globalization synonymous with neoliberalism. Globalization certainly opens opportunities for greater commercial, financial and technological development, but not in situations of imbalance between countries. Some regions possess comparative advantages so radically different from the rest, that there is

³: John Williamson coined in 1990 the term "Washington Consensus" in an influential study undertaken within the Institute for International Economics, a prominent think tank based in Washington D.C. Grossly speaking, it entailed the adoption of a set of public policy proposals for reforming the economies of developing countries, namely: fiscal discipline, prioritization of public expending objectives, tax reform, financial liberalization, a single exchange rate, foreign trade liberalization, direct foreign investments, privatizations, deregulation and protection of property rights. Vilma E. Petr ash: *Towards 2005: Consistencies and inconsistencies of the FTAA process in the face of challenges to the Liberal Democratic Governance Consensus in the Americas*. (Paper presented at the Panel "A New Century of Regionalism? Free Trade and Neoliberalism in the Americas," 41st Convention of the International Studies Association, Los Angeles, California, 15-18 of March, 2000. Revised and expanded version.

⁴ Of a total of 792 million people that inhabit those countries that are experiencing hemispheric integration, 500 million live in Latin America, and half of those people are in conditions of extreme poverty. The nations to the South of the Rio Grande have accumulated a foreign debt of 792 billion dollars with the neighboring industrialized North, for which they have paid in 1999 interests for 123 billion dollars. 80 % of the economic weight of the continent is accumulated in the United States and Canada.

Social exclusion and democracy: axes of the agenda for the FTAA?/Jorge E. Brenna B.

an enormous necessity to adjust the asymmetries between an economy such as that of the USA or Canada, and economies of slower development such as Central America, Colombia, Brazil or Mexico — for example.⁴ Certainly, the game of globalization, if played correctly, can make a society rapidly transform from a state of underdevelopment to one of growth and prosperity. We have seen it happen in some countries of Latin America such as Chile; we have also seen it in countries of Southeast Asia. Whoever plays this game well enough has great opportunities to burn stages in the process of development. The problem is one of selling —and selling ourselves— the idea that globalization and its orthodox policies of free trade, are going to make our continent surpass, by decree and in a single feat, the structural situation of poverty and political inequality. I do not believe that these problems will resolve themselves solely by the fact of regional integration; this will have to be the subject of specific policies of countries that endure these problems, like Mexico or Brazil, whose governments show —internally— an elementary political will to create suitable democratic institutions to the magnitude of these problems. But it is not enough to be associated to an economic space like the one of the partners of NAFTA or MERCOSUR thinking that, by symbiosis, problems will be solved. It implies specific public policies and a national attention from the States and societies in order to be able to burn stages and to solve those problems. Here is where we begin to see the separation between globalization and neoliberalism. Globalization is a fact, neoliberalism is an answer; perhaps neoliberalism in the style of the “Consensus of) was the first answer; it is not the only one or necessarily the best one. The constructions of alternatives are an important part of the ongoing debate in Latin America and the world on this topic. There is no intention of negating reality, of forgetting it, and this reality is globalization, but there is also no unanimous acceptance of it, no need to surrender to that which has been called the “unique thought” and that was recognized at a point in time as the " consensus of Washington ". It is not unexpected that the World Bank itself speaks to us today of the fact that it is necessary to think beyond that consensus, and concentrate on the importance of institutions. These will be always key elements that will allow us to rely on a project of regional integration that goes beyond pure commercial inclusion from unequal formal negotiations. In order to give content to democratic institutions, it is indispensable that each country, previously, has a coherent national project, that answers to the interior and to the foreign, in such a way that the uncertainties that are behind the permanent political instability in the countries of the region can be eliminated.

The institutional redesign of Latin America

The previous idea arises from the fact that as individual political units, the States of the region lack the sufficient viability to confront certain tasks. For that reason, when facing a negotiation in a fragmented manner, with regional or international organisms, their individual vulnerability is such that the profit of its

Social exclusion and democracy: axes of the agenda for the FTAA?/Jorge E. Brenna B.

objectives is delayed or is always subject to decisions made by the most powerful⁵. It is for this reason that, instead of regarding integration as an aim in itself, it seems that the most viable alternative for the historical and structural conditions of Latin American countries is the vision of integration as an instrument to obtain political autonomy as a prerequisite of any type of association. We are not talking about a false autonomy but rather, about the possibility of self-determination of discrete policies at all levels and from a platform of regional cooperation that would give a precise meaning to integration. It is not realistic to be clinging to an aged concept of sovereignty, but instead we should transcend the limited objectives of commercial exchange; since this supposes perpetuating a situation in which certain economies, in fact, already exert control over the market (in direct form, through subsidiaries of multinational or transnational companies, or through transnationalized private banks that operate in the region)⁶; the goals of economic, social and political development will be only obtained in the framework of a regional process of reciprocal cooperation in the aldigest levels of the regional agenda (poverty and democracy).

Any process of integration, aiming at greater autonomy, regardless of the strategy that is being used, alliances, consensus, agreement or same integration, must necessarily be based on an accepted project and commonly implemented by the members of the integrated system. In the case of the integration process of FTAA, the discussion should previously be centered on the guidelines of development or on the regional project that will be implemented through integration.⁷ If the previous and indispensable levels are not obtained, integration will be only a term and not an instrument to obtain autonomy. Paradoxically, the only way for a developing region to survive with character and autonomy is by deepening its processes of integration and cooperation not only in the commercial sense, but also in the other dimensions of the process such as development of infrastructure and scientific and technological capacity. If it impossible for these regional projects to be a step forward, as far as scope and the degree of profoundness, it will be impossible for the density of reciprocal relations to surpass those which the countries of region maintain with third countries.

In the future, the regional performance of Latin America would have to start off from the attainment of a perception of identity in the international context, analogous to the pro-european perception that helped the gradual but accelerated integration beyond the radical liberalism of orthodox liberalism inspired by the Consensus of Washington. A minimum yet consistent political articulation that would endow the

⁵ In the negotiations only four countries speak at an individual level, there are Canada, the USA, Mexico and Chile. The rest manifest their positions as part of a block: The Common Market of the South (MERCOSUR), CARICOM, Central America and the region of the Andes.

⁶ The transnational private sector has obtained a great predominance of the world-wide relations, favored by the conclusion of the East-West struggle and the disintegration of the bipolar system based on the "cold war"; also being left submerged Latin America under the influence of these actors; what allows to understand why are welcome the civil governments who are "functional" to the structural changes in the State and which they favor privatizations.

⁷ The 34 countries that will integrate the FTAA form a region of 792 million people, that in 1999 made purchases by 1,5 trillions of dollars (a trillion is equivalent to a million million) and that in the same period registered the GIP of 11 trillions of dollars, of that 7 trillions corresponded to the United States.

performance of the region with a certain degree of coherence is needed in order to provide with content and sense the existing interaction between these countries, with an emphasis on the predominance of the relations of cooperation over those of conflict.

For a realistic vision of the processes of integration

As we have said before, the liberation of regional commerce goes beyond the false problem of sovereignty in the integration processes. Indeed, the FTAA and other integrating processes maintain as one of its intentions that of trying to increase sovereign capacity in a context in which daily cases of cession of sovereignty appear by virtue of which the countries, individually, make their processes of negotiation within the traditional scheme of the international division of the economy in the global order. This shows to us a common problem, one that can only be solved through a coordinated behavior.⁸

Nevertheless, it's important to weigh the advantages and the disadvantages of the oriented process of regional integration towards the FTAA. Beginning on economic goals, it seems clear that the creation of the FTAA would provide the countries of the region a greater access to the North American market. This is an objective that could contribute to consolidating the opening of markets and obtaining greater flows of direct foreign investment (Canada and Mexico already have it formally), which entails an important stimulus to investment that would mean a greater dimension of the market and the consolidation of macroeconomic policies; a lessening of "risk country"; and, handling the process correctly, an increase of the negotiation power with respect to other areas and third countries as well.

Between the possible difficulties that SELA⁹ has detected in the process are, for example: greater costs of adjustment and the necessity of more accelerated reconversion of industrial activities (which can well be understood as a development catalyst)¹⁰; losses of preference in the subregional schemes and between the Latin American countries, in favour of the United States and Canada; demands to change certain internal policies, like in the matter of labor and environmental regulation; difficulties to obtain a fast liberalization of the agricultural sector and the elimination of existing subsidies in United States and Canada; greater demands in the matter of origin rules, similar to those of NAFTA; and stricter obligations in the matter of investments and intellectual property, among others.

⁸ See Dallanegra Pedraza, Luis, "Integración Solución-Integración Problema", en *GEOSUR*, Montevideo (Uruguay), Vol. II, No 14, Octubre 1980, págs. 3-9

⁹ Sistema Económico Latinoamericano (Latin American Economic System)

¹⁰ For instance, the stance of the countries of MERCOSUR, Brazil especially, is that the formation of the FTAA depends on an "acceptable time-line", that would prevent the sudden commercial aperture that would expose member countries to a dramatic clash of industrial competitiveness and the smooth sailing of their economies.

¹¹ Practically all countries in the region are members of at least a sub-regional or regional agreement. Some countries have negotiated many agreements. An important challenge for the countries of the region is to pinpoint how the bilateral and subregional agreements will facilitate the negotiation of a Free Trade Agreement at a hemispheric level; moreover how it will benefit to share the market with the United States through NAFTA.

Social exclusion and democracy: axes of the agenda for the FTAA?/Jorge E. Brenna B.

Up until the present, the minimum level of consensus obtained in meetings at high governmental levels, accede that: 1) The FTAA had to be an agreement of regional reach, contemporaneous with existing subregional and bilateral agreements, and negotiated jointly by all the countries; 2) it was an accepted idea that the countries could participate individually or as a group in negotiations of the FTAA, such as the cases of MERCOSUR, the Andean Community and CARICOM which have demonstrated that they will negotiate as a group, whereas the United States, Canada, Mexico and Chile would do it individually; 3) it was also agreed upon that partial advances would lack value if they were not crystallized in a final and unique document.¹¹

The horizon of the negotiations is really complex whereas the interests of different actors are different in the short term and also assume different political answers. It is a fact that different alignments around the negotiation of the FTAA have taken place, and that, we think, they will prevail until the end of the negotiations. On the one hand there are interests consolidated around the USA and NAFTA, whereas, on the other, around Brazil the position of MERCOSUR is aligned although with its respective fissures.¹²

The emergence of the FTAA, has been analyzed from the simplistic view of winners and losers, although starting off not from a dynamic perspective, but from a photostill that provokes numerous distortions. It is for that reason that, at this moment, one of the central subjects in the discussion revolves around the benefits that are to be obtain by each party, assuming that the project prospers. From the trenches of the numerous detractors of the FTAA, it is presumed that there will be a sole winner, the United States, and numerous losers, the poor and very poor economies of Latin America. From another perspective we can observe that, if the logic of the process was so simple, there would not be so many important sectors of society and the American economic world, like unions and ecologists, who have been against the project fully and repeatedly. It is not casual, precisely, that none of the presidents that have participated in the promotion of the regional integration initiative, neither Bush nor Clinton, may have achieved of the Congress the so longed fast-track, that would make credible before the Latin American delegates the negotiating will of Washington.

President Bush has just promised in Quebec, that he is going to fold the resistance of American parliamentarians in an effort to make credible and convincing his notion that indeed the hour of the FTAA has arrived. Contrary to simple readings, it is in Latin America where the FTAA raises greater expectations, especially by the opportunity presented to the poorest economies to sell their products in the North American market.

Today we are not before a single way plagued with unidirectional impositions like in the long and conflicting relation between different countries from the hemisphere and United States. As always, things usually are more complex and the final result depends on all the parts in the game, and on the capacity of different protagonists to impose their points of view or to resist the attacks of the competing rest.

¹² Argentina and Chile, as opposed to Brazil, are not only interested in the creation of the FTAA, but also in the active partaking in the commercial benefits of NAFTA.

Social exclusion and democracy: axes of the agenda for the FTAA?/Jorge E. Brenna B.

Nevertheless, the experience demonstrates specially that the margin of manoeuvre of different governments from the region is greater than the one that is generally assumed, in their relations with the United States or international organisms. This is observed in the clarity of positions and the firmness in maintaining the points of view in any international negotiation, and for that reason it is important to observe the performance of Brazil in this subject. The firm tone of president Fernando Henrique Cardoso in the speech pronounced at the opening of the Summit communicated to the highest North American authorities that they were before a true regional power.

Mexico as actor of the FTAA

As a first reaction, we could affirm that the case of Mexico in the regional process of integration is somewhat tragic: it maintains interests divided like no other partner of NAFTA. That is to say, although culturally the affinities are obvious with Latin America, in the economic and political plane its priorities have been settled down with the North American subcontinent. At first, during the creation of the zone of free trade between Mexico, the USA and Canada, there were fears on the part of the Mexican government, of a deepening of traditional dependency of Mexico towards the USA. This fear caused the government of the PRI to be more inclined to back the global diversification over the regional. The political alternation dissipated many of the fears that as a society we had. Many myths are being diluted, like the one of sovereignty conceived as isolationism, or the one of the threat of foreign investment to the strategic industry of the country. Nowadays, it seems that the only alternative is to seek the coverage of a "natural" regional economic block (NAFTA), to negotiate as independently as possible playing our historical cards vis-à-vis other relative regional blocks, to depend on the dynamics of the internal/external actors that mold and design their own democratic scheme without political restrictions about false universal models. I am talking about the channel of regional political autonomy without economic nor technological isolation.

The commercial agreements subscribed by Mexico up to this moment represent a preferential access to more than 860 million consumers, which generates considerable opportunities for the exports sector contributing directly to the creation of more employment. The Mexican Council of Foreign Trade (COMCE) esteems that, with the beginning of the FTAA, this region will turn into the greatest area of free trade in the world, with 783 million potential consumers. Simultaneously it will represent 20 percent of the commerce of the entire planet and 40 percent of the world's Gross Internal Product. The sectors that will present a greater dynamism in this commercial exchange between 34 nations are: automotive, manufacturing, farming, electrical and electronic, chemical and textile.¹³ This means that, at the moment, Mexico relies on past experiences in commercial negotiations that it will capitalize in order to obtain the

¹³ Lilia González y José Kermith: "Buscarán consolidar el ALCA", *EL UNIVERSAL*, 20 de abril del 2001

¹⁴ See the newspaper *REFORMA*, México, 19 de Abril del 2001

Social exclusion and democracy: axes of the agenda for the FTAA?/Jorge E. Brenna B.

greatest benefit for its companies and their products. To date, Mexico has signed 10 commercial treaties, of which seven are with the most representative economies of the continent and three with other regions of the world: NAFTA (with Canada and the United States); with Bolivia, Chile, Costa Rica; The Group of the Three (Colombia and Venezuela), Nicaragua; North triangle (Guatemala, Honduras and El Salvador); Israel; EU and EFTA (Iceland, Liechtenstein, Norway and Suiza). Mexico has also signed Agreements of Economic Cooperation with Brazil, Argentina, Uruguay and Paraguay, while certain commercial approaches to Panama, Peru, Ecuador, Trinidad and Tobago and the Dominican Republic are on the way. Nevertheless, this commercial diversity does not imply that the private sector unconditionally supports the initiatives that the government of Mexico undertakes, in negotiations oriented to the establishment of the FTAA. In the tables of negotiation only four countries speak at an individual level, Canada, the United States, Mexico and Chile, since all others show their positions as part of a block: The Common Market of the South (Mercosur), the Caricom, Central America and the Andean Region. At the level of the country, Mexico maintains a neutral position regarding the rejection of Brazil to the proposal of Chile, supported by the USA, to accelerate two years the original term for the end of negotiations, fixed for 2005.

In the summit of the Americas celebrated in Quebec, Mexico reiterated the need for the commercial integration of Latin American to be as expeditious as possible, but without placing a time-frame for the signature of the agreement in jeopardy. The future of the FTAA depends largely on the capacity and coherence of Latin American negotiators. For that reason, it is pivotal to take an unbiased and analytic position, so as to avoid falling into the temptation of unfolding a priori the ruin that the beginning could suppose for the whole continent, just like it happened with Mexico and NAFTA, since this can take us to an outlandish reading of the regional process of integration. Indeed, from the point of view of the civil organizations, the major criticism that the negotiation of the FTAA is receiving, is that it is an imposition to the entire continent of the terms and stipulations upon which the North America Free Trade Agreement (NAFTA), in which Canada, the United States and Mexico participate. NAFTA has multiplied the flows of commerce between the three nations, but in Mexico it has deepened the differences of development between the regions of the north - adjoined to the economy of United States and Canada - and the Southern region, sunk in soaring levels of poverty and marginalization. For some, Mexico is a model of the benefits that free trade can bring for economic and political development of the countries of Latin America and the Caribbean.

In the United States and Canada some politicians have directly attributed to NAFTA the radical political change in Mexico, confirmed in the last presidential elections, which were so important as to cause the fall of the sole political party in power for the last 71 years, (the Institutional Revolutionary Party-PRI). This is an extremely simplistic vision. However, for other people, NAFTA signals troubles for Mexico which is already being experienced and can be observed in the already obvious reduction of their lifestyles, the hard labor conditions imposed by industries such as the *maquiladora*, which signals –they say– the

poverty that FTAA will bring to the countries of the region. The actual numbers of Mexican foreign trade with their partners show, however, that NAFTA has turned Mexico into the third provider of exports for Canada, very distant from the second which is the United States, but reducing its difference with Japan. In the year 2000 Mexican product sales in Canada reached 8,134 million dollars and, although this country sells less to Mexico, is the ninth country that most purchases Canadian products, totalizing only last year 1,373 million dollars, whereas their investments multiply several times this number.¹⁴

Poverty and democracy: axes of the agenda?

The societies of Latin America and the Caribbean have a long history of massive poverty, which goes back to the times of their first modernization after their political independence at the beginning of the XIX century. Although throughout the second half of this century these economies showed at a worldwide scale the largest rates of overall economic growth, they also show the most unequal distribution of income. The use of a "contained" model of development from the years towards the end of World War II until the beginning of the 1980's produced a reduction of the poverty, but not its complete elimination, with the creation of even new forms of marginalization. The impoverishment was to become even more serious due to the policies of adjustment adopted by the governments of these countries in order to fight economic crises by trying to correct macroeconomic imbalances with a double aim: 1) "to serve the external debt" and to reconquer the confidence of local and international capital so as to retake the economic growth again and 2) a more favorable insertion in the global economy. The problem remains that in the last couple of years, the predicament of poverty has yielded its space to the problem of exclusion: a state of *apartheid* not focused on skin color, but rather on the inability to participate in the processes of modernization of our societies, that is, in many of its dynamics of operation. The present situation of exclusion is much more complicated than previous situations of poverty and social segregation, by virtue of which exclusion tends to be permanent. This fact has certain implications for the policies of social development, as far as democratic governability is concerned. These societies must free themselves of the vices of state paternalism and partisan clientelism that was their foundation in previous times (and sometimes still is today), so that their design, execution, and evaluation entail the amplest social participation, which implies a real need to establish new institutional networks. Like the other policies of development, those of social development must count on a high degree of national and regional agreement, mainly when we speak of processes of developmental integration. Such an agreement is needed so that different collective actors can participate actively and consciously in their design, execution, screening and evaluation, and establish a code of conduct —although not an exigency of democratic puritanism— that is built upon the frame of formulation of commitments, responsibilities, duties and rights of the citizens regarding social development, within the process of development. The XXI century is a colossal challenge. It is an ethical and political imperative to reorient development. The

Social exclusion and democracy: axes of the agenda for the FTAA?/Jorge E. Brenna B.

poverty-exclusion, then, must be measured, not in terms of material conditions, but in the limitations (caused by them) to the freedom and the possibilities of choosing worthy and satisfactory lifestyles, and as so it must, eradicate itself, or at least be reduced increasingly. In the process of integration to the FTAA, a report must be demanded to all the governments about which actions they have been implementing in order to fight exclusion and to guarantee a minimum quantity of social rights. It is necessary to give a new meaning to democracy. As important as its normative formality can be, it is indispensable to load it with socioeconomic content, just as modern theories of democracy demand. We are talking of converting the poor-excluded individual from an object of public policies into a subject of policy decision-making¹⁵. In this sense, the battle against poverty, the fortification of democracy and economic integration have been identified as the pillars of the substance and content of many summits, as we have seen in the First and Second Summits of the Americas, in Miami (1994) and Santiago de Chile (1998). However, it is important to see if these objectives and good intentions manage to be shaped into the agreements of the integrational process and they are transformed into practical commitments for the short term.

In the Third Summit of the Américas, leaders such as the Mexican president, Vicente Fox, stated their conviction that a mere demolition of tariff barriers does not solve all the problems. "There cannot be genuine democracy in societies with so many inequalities and as much poverty as there exists in many areas of Latin America, including Mexico". From there on, we see the necessity of a proposal to reduce the expenses of defense in the continent and instead benefit social expenses. That proposal has been shaped in *the Declaration of Quebec*, in an article that gathers that idea. Fox recognized that in spite of the goodness and exigencies that NAFTA has implied (discipline in public finances and control of inflation), nevertheless, poverty continues grazing in the fields not only of Mexican territory, but in most Latin American countries. Latin America continues to be one of the most unequal continents of the world and 220 million people in Latin America still live in conditions of extreme poverty. Vicente Fox has declared that in order to begin to combat these evils we must begin with "the fortification of democracy", a task which has been described as a regional priority. He stated that "economic growth and progress will be short lived if our political systems do not enjoy legitimacy, if they are not recognized as efficient, transparent and indeed representative. He continued: "I am convinced that the democratic exercise of power, combined with a democratization of the economy and a fortification of our rule of law, will lead to have economies that are more competitive, more progressive as well as more just and humane societies." Fox then sent his proposal to include in the FTAA a democratic clause, impelled very actively by Canada and Peru, and opposed to the explicit reserves of Venezuela. The second part of its proposal is the defense of human rights and guarantees for all the political, social and artistic demonstrators and social critics, as well as the protection to natural resources of the countries involved. As a third point, he

¹⁵ Heinz R. Sonntag (1998): "Gobernabilidad democrática, globalización y pobreza en América Latina hacia el siglo XXI", en *Revista del CLAD Reforma Democracia*, no. 12, Caracas, octubre 98

Social exclusion and democracy: axes of the agenda for the FTAA?/Jorge E. Brenna B.

emphasized the necessary creation of a "social cohesion fund", for the construction of infrastructure in the countries with greater underdevelopment in the continent. This fund would consist of resources from all the nations that would come out of their cost programmed for defense. According to Fox with this we would begin to construct a more competitive continent more just, more equitable and, with a criteria of convergence, a measurement of results, institutions of support and systems of financing that promote the infrastructure for sharp and harmonic growth within the countries of the region. Also, he said to agree "with the recommendations made by the representatives of the Indian towns that also met in Quebec, mainly those that have to do with the right to self-determination and the rights of usufruct from the wealth of their land.

The host of the Third Summit of the Américas, Jean Chrétien, talked about a dynamic commercial opening in order to fortify the democracy of the region: "The change of government in Mexico last December was a great advance for all the Americas", affirmed Chrétien. He also made references to the cases of Peru and Paraguay, nations in which the diplomacy shown by its neighbors helped to reinforce its internal political processes and to fortify its democracy. He also insisted that the commercial opening of the Mexican economy in the last six years has given a jumpstart to democracy in Mexico. With the concluding talks of this third summit, was emitted what today is known as the *Declaration of the City of Quebec*, that establishes that "the maintenance and fortification of the rule of law and the strict respect to the democratic system are an essential pre-requisite in order to attend these meetings, to participate in the FTAA and to receive benefits of the Inter-American Development Bank (I.A.D.B.). The clause not only is a veto to Fidel Castro's Cuba, but also a warning to those which it considered possible experiments of "political engineering" such as the one of Alberto Fujimori in Peru. The declaration indicates that "any alteration or unconstitutional rupture of the democratic order in a State of the hemisphere constitutes an obstacle that challenges the comprise of the Pan-American family."¹⁶

The reality of the region of Latin America, nevertheless, is different. And it is necessary to consider that in some countries even from end of the 1980s, and in the decade of the nineties, the enthusiasm for democracy turned into disillusion. It was noticeable through several symptoms: an increase of electoral absenteeism, generalized political apathy, disrepute of political parties and of politicians. A permanent questioning of the State and its institutions, of its incapacity to respond to the demands of society effectively. In short, a representativeness crisis to which a crisis of the institutions was added, generating a deep predicament of legitimation that democratic systems and governments have experimented (Mexico comes to be one from the clearest cases of this process of crisis and political transition), with the consequent risk for the social conditions that support governability. Under these conditions, how can we connect free trade, development and democracy? In fact, nowadays there is no guarantee --neither a way of obtaining it – that the Latin America of today, in spite of the recent civility of its governments (chosen by the formal channel of elections), counts on a definitive criterion to describe its governments as

"democratic ". What is really telling, is that in these societies there is a low index of participation of the people, and the governments act through "decrees of necessity and urgency " above the parliaments. In this case, it seems that the considerations of radical liberalism of the Consensus of Washington continue imposing on those governments a line of conduct that, in the end, maintains them deeply remote of the voters who are formally represented. It is in this fact where the good intentions of the democratic clause—that in Europe exhibits great moral relevance— becomes suspicious in the case of the political agreements that it is trying to establish in the process of regional integration in America. More than an exigency of democratic certification, in the process of integration of the FTAA, the promoters of democracy would have to establish indicators of susceptible democratization to be applied to all countries, indicators that reveal the consistency of democratic institutions and the performance of governments, not only as far as legitimacy is concerned, but pertaining to the real links with citizens' society. Respect to human and social rights (violated by excluding and discriminatory social policies which are being enhanced by the programs of neoliberal adjustment), right to acquiring information on subjects of the negative agenda (environment, sustainable development, enclaves of extreme poverty, migration, drug trafficking, terrorism, etc.), reciprocity in the dialogue and the negotiation of regional policies between countries with different economic and political weight, etc. Possible indicators to be applied to all the countries avoiding the election of referees without moral authority to apply the norm. Perhaps the idea of an American Parliament that is gradually absorbing the functions and the competitions, similar to the current European Parliament. A forum, where regional problems in all the scopes are democratically ventilated. Regional democracy cannot begin to establish prescriptions and conducts in a coercive way to countries that, in spite of all, deserve respect of their internal political processes.

Similar to globalization, democracy is an inevitable destiny, to confront them is a dilemma of the political creativity of each country. The democratic institutions of the FTAA —if they achieve complete consolidation— will have to be a subject of material and institutional support so that the democratic profits of each society are not set back.

Conclusions

For Mexico the process of integration with its North American partners has been very important. The projection from this country to the global scene has only been able to occur from the platform that is NAFTA. Certainly, in the last two decades Mexico has experimented a transformation in its model of development as well as in its model of political reproduction. Both circumstances came together almost synchronically to make this country one that tries to be to keep up with its partners in NAFTA, at least in terms of political, social and economic development. In other words, although it is not possible to attribute

¹⁶Roberto Gonzalez Amador, Jim Cason y David Brooks, *La jornada*, México, 22 abril del 2001

Social exclusion and democracy: axes of the agenda for the FTAA?/Jorge E. Brenna B.

these changes to an automatism that sees in economic development a door for democratization, it is possible that, as it has happened in other processes of political transition, the change of expectations in economic agents has a repercussion in the social expectations and the political exigencies of the actor-citizens. Nevertheless, the subject of social exclusion follows and will continue being one of the axes of the political agenda of the Mexican government and this pending subject must be transferred unavoidably to the scenes in which it looks to conform a process of regional integration. None of the countries that the FTAA is promoting has paternity rights over the spirit of the democracy. For that reason we have insisted that in the subject of the democracy, the democratic clause has to be more cautious in its pretenses to compel the countries to show a certain democratic conduct susceptible to be evaluated by the member countries of the FTAA. Democracy, we all know it, can only exist if we end with the social exclusion that disables individuals to show and to *demand of its governments* a democratic behavior. There is no democracy without these democrats and they can only exist if they have their basic necessities covered and their social rights are put to exercise. For that reason, the subject of social exclusion, its combat by means of concrete mechanisms of participation and institutions destined to it, would have to occupy a good part of the political and social agenda of the negotiations of the FTAA.

Mexico's political gamble for NAFTA is a priority even before that of the FTAA. Its priority as a global platform, more than regional, is vital in order to catalyze the economic and social transformations that are beginning to happen in this country. Of course, the new Mexican government has the political pretension to serve as a bridge between Central America and South America with NAFTA, but it is not so simple because there is the possibility of individual negotiations although the block spirit is permeating in the positions of the countries of MERCOSUR. Moreover, NAFTA implies the possibility of having a global scope to face negotiations with third countries and other regional blocks. If the cooperation between the three countries of North America flows with a satisfactory degree of reciprocity, Mexico will promote the FTAA, if it is not so, it is very probable that Mexico will leave the negotiations dispirited —with the risk of ruining the honeymoon that at the moment President Fox and President Bush are having. In sum, it seems to us that one of the phrases that illustrates perfectly, and with humor, the current politic posture of Mexico in terms of the project of the FTAA is as follows: *“Mexico’s eggs are in the North American basket, and it has paid a heavy price to place and leave them there: NAFTA and OECD (Organization for Economic Cooperation and Development) membership implied significantly curtailing Mexico’s room for economic maneuver”¹⁷.*

Complex schemes presuppose the individual position of the position as a group, of all the countries involved in the construction of FTAA. Real interests are not always ventilated openly and those that are explicit, are at many times a smoke curtain to widen the margin of maneuver in another political space. In

¹⁷ Jean Daudelin and Maureen Appel Molot. “Canada and the FTAA: leadership or folly? *Carta Internacional*, Número 76, Año VII, Junho de 1999. p.12 a 15 Núcleo de Pesquisa em Relações Internacionais da Universidade de São Paulo

Social exclusion and democracy: axes of the agenda for the FTAA?/ Jorge E. Brenna B.

any case, what is important is to guarantee that, in each one of the postures that the governments will take and will expose in their declarations, the interest and the vital needs of the actors-citizens of each political community is represented faithfully. Only then will the American political community be proud of building a real democratic platform for the future of the people and not of economic interest and its strategies for global control.