

# **Developmental Opposition in International Trade Regimes: Regional Groupings, State and Civil Society Coalitions<sup>1</sup>**

Diana Tussie  
FLACSO  
Department of Social Sciences  
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## **Introduction**

Policy controversies originating from development concerns dropped from sight in the 1990s with the adoption of the faith in markets. But as the decade came to an end the pendulum swung and once again a fresh mood of querulousness and agitation set in. Both implicitly and explicitly at the core of development policy conflicts is a challenge to the hegemony of American interests and values. While many governments have come to recognize that trade opening commitments made in times of euphoria were highly uneven, the noises of discontent can also be heard with stridence from civil society quarters. To many, the returns of the North American Free Trade Area showed cold comfort. At the same time, the commitments of the World Trade Organization (WTO) led to increasing soreness and disquiet as they reached their implementation deadline and began to bite. Civil society demonstrated most forcefully during the Battle of Seattle; governments expressed their dissidence loud and clear in Cancun, then held out and finally derailed the WTO meeting. Compounded by the new power configuration which emerged from the end of the Cold War and the ascendance of China, the international trade regime has become a wrestling camp where competing projects vie, revolt and hold out in an attempt to shape distributive outcomes.

Regimes are conceived as useful tools for providing public goods or solving collective action dilemmas. Regimes lay out a set of mutual expectations, rules and regulations, organizational plans, energies, and financial commitments (Ruggie, 1998: 56). They are also sites of power which reflect power hierarchies and interests where the weak or under-represented seek opportunities to coalesce in order to trim and reshape rules and reduce pressure for policies they wish to evade or delay.

Tension has emerged in the multilateral regime where a panoply of government coalitions have become active to an unprecedented extent and are in a position to place obstacles in the way. Even in hemispheric regime building, usually regarded as the United States's backyard, the crude assertion of power has become contested. To what extent are these forms of resistance posing a challenge to American policy preferences? In what ways? This paper attempts to analyze coalitions that have increased the visibility of trade by posing challenges to the U.S. I first provide a quick overview of the basic features in U.S. trade policy. The G20 at the multilateral level, and Mercosur at the regional level, at present the apparently main sustained challengers to U.S. trade proposals in their respective level, are analyzed in the second and third sections. While coalition building in the WTO can be categorized as manipulating value conflicts (Bobrow, 2004 for this project), contestation of the Free Trade Area of the Americas (FTAA) project also involves strong ingredients of delaying moves with stand-on-the-side strategies couched as assertions of autonomy. In the last section, the interconnection between governments and civil society in the Americas is explored. The concurrence of these processes show how the trade regime has become a complex, multi-layered arena where social forces and contending political projects compete, a far cry from the simple manifestation of an uncontested hegemonic project for market-driven integration as initially mapped out by the United States.

### **1. The uniqueness of trade**

The trade policy process has unique features which we need to take into account when thinking about the conformation of global regimes. For one thing, trade is an inherently distributive policy. It has a direct impact on consumption, production, fiscal revenues and employment. Trade policy thus produces a particular form of political conflict and requires taking advantage of political cooperation opportunities astutely.

For another, the trade policy-making process has tended to be quite secretive and hardly accessible to governments and societies at the receiving end. Negotiations are characterized by a great deal of bilateral bargaining over reciprocal measures on commercially sensitive issues and there is little or no emphasis on plenary-based open negotiation. Private meetings and ‘flexible’ decision-making processes are often a euphemism for a system of governance deeply flawed by lack of transparency and accountability. There are also high requirements for legal and economic expertise that heighten the challenge. These factors place a high premium on national political arenas and individual state-civil society complexes.

The processes and structures we describe are not, of course, static. In terms of domestic contestation, the run-up to Seattle marked a turning point. By then, the global south had abandoned all traces of the import substitution which had allowed substantive insulation of domestic trade politics from external pressures. Under high tariffs, business and labor had been able to fix a price structure which favored the Keynesian compact which brought together domestic producers and workers. The international distributional impact of trade was then under cover; if and when it emerged, business and labor met on the same side in favor of protection, high wages and domestic consumption. But when layer after layer of trade protection was shed, the international price structure became internalized. The international negotiations that followed had an immediate impact on prices and incomes.

The requirement to grant reciprocity in negotiations, whereby the gains of one sector abroad require another sector to adjust to heightened import competition, increased domestic sensitivity to the adjustment process. Trade has thus, over the period, acquired an unprecedented salience in domestic politics in the global south. The emergence of articulate

international coalitions and domestic pressure groups now constrain government action and require intense efforts of interest articulation.

Trade policy has never been for the U.S. *just* about trade. Since 1914, but especially from the 1930s onwards, the U.S. has felt responsible for leading a “free trade” crusade. This mission was conducted under a variety of political imperatives depending on the particular circumstances. The multilateral trade regime of the post-war period, centred on the GATT, was born of American dominance. As an institution, the GATT developed as an extension of American, and over time transatlantic, rules of the game. As a framework created in the image of the U.S. economy, it sought almost exclusively to deal with internal impediments--institutions and practices--to free competition. It assumed a U.S. model of domestic political economy, and when this was not the case, the imperatives of the Cold War allowed impediments to co-exist in contradiction to the aspirations of multilateralism. In spite of its contribution to the creation of the international organizations and regimes of the Cold War, U.S. foreign policy never ruled out mercantilist interests and unilateral action, especially when multilateral institutions became a hindrance to U.S. goals. “The U.S. has had a long tradition of ambivalence towards international law and institutions. This has varied across administration but has been a constant element in U.S. policy. It has engaged both liberals and conservatives, often united in not wishing to stand in the way of the U.S. promoting both its hard interests and its great moral purposes.” (Hurrell, 2004)

As such, trade liberalization has become mixed with other causes, including the conflation of markets and political freedoms under U.S. leadership. In essence, this was the universal projection of the American dream – a vision of economic plenty in the context of political freedom as expressed some decades later in the notion of a “free world.” Often a

menace or an enemy was necessary to garner consensus on further liberalization. The spirit was re-embodied in the Trade Act of 2002:

“The expansion of international trade is vital to the national security of the United States. Trade is critical to economic growth and strength of the United States and its leadership in the world. Stable trading relationships promote security and prosperity. Trade arrangements today serve the same purposes that security pacts played during the Cold War, binding nations together through a series of rights and obligations. Leadership by the United States in international trade fosters open markets, democracy and peace throughout the world” (U.S. Trade Act of 2002: Title XXI).

One could argue that multilateralism is a means of managing global economic integration. The GATT was singularly unsuccessful at integrating Japan, the East Asian NICs, Latin America, and now China into global trade. But multilateralism in its present shape is also in tension with further globalization. Discriminatory barriers still proliferate, and the accomplishments of the Uruguay Round were more about imposing U.S. conceptions of trade relations through anti-dumping, selective safeguards, investment codes and intellectual property agreements, than about genuinely global issues. As disquiet accumulated the U.S. abandoned its traditional antipathy against bilateral treaties and gradually started to build a web of bilateral and regional negotiations, both as a reassurance strategy and as a way to exert pressure. The view that, “if the multilateral road is obstructed, then we will just have to explore these other roads.” gained ascendancy. While during the Cold War years the U.S. was confident that multilateralism was favorable to its broad strategic interests, as well as the interests of American business, with the collapse of communism, U.S. policy towards institutions has hardened. At the same time trade policy

has a new taste of security concerns (Higgot, 2004). In this vein, the U.S.'s continued rhetorical commitment to multilateralism was replaced by a new strategy of first signing free trade agreements with regional partners and later preferential trade agreements with allies. Robert Zoellick, former USTR Representative, coined the concept of "competitive liberalization," which describes the aim to establish a race among trade pacts for access to the U.S. market while granting favourable terms to American business interests abroad. Competitive liberalization rests on the premise that the content of each agreement becomes the negotiating floor for the next agreement. Concessions in bilateral negotiations reinforce U.S. positions in the Western Hemisphere negotiation, which in turn contribute to widen U.S. leverage in the multilateral arena and, in this way, its ability to shape the international trading regime. Bilateral and regional free trade agreements can be interpreted in this light as a part of a piecemeal strategy to shape the multilateral trading system. The bilateral and regional arenas are amenable to place issues on the agenda that would generate a strong resistance on the multilateral bargain. Different negotiating layers can contribute in this way to entrench U.S. hegemony (Phillips, 2003).

Yet asymmetries do not mean inaction and immobilization. Quite the contrary, both governments and citizens have led oppositional movements and coalitions to resist, redirect and reduce the thorns of the hegemonic trade project. The next sections will review the contending strategies deployed by state and societal actors in the context of the inherent developmental tensions.

## **2. Manipulating value conflicts in the WTO**

State-led trade coalitions may be classified into two types: bloc-type coalitions and issue-based alliances. The two may be seen as representing the opposite ends of a spectrum. There are two key differences between the bloc-type coalitions and issue-based alliances.

First, the former come together against a backdrop of ideational and identity-related factors, whereas the latter are formed for instrumental reasons. Second, the bloc-type coalitions combine like-minded states to try to adopt collective positions across issue areas and over time; in contrast, issue-based coalitions are directed towards specific threats and dissipate after the particular issue has been addressed. While bloc-type coalitions dominated Third World diplomacy until the early 1980s, issue-based coalitions came into vogue in the Uruguay Round (partly as a reaction to the failures of bloc-type diplomacy). The coalitions of today, having learned from the failings of their predecessors, utilize some elements of both these bloc-type coalitions and issue-based alliances.

Developing countries' dissatisfaction with multilateral negotiations has been long-standing. Prior to the Uruguay Round and during the pre-negotiation of that round, developing countries had formed a broad based coalition of "the South." The so-called Group of Ten (G-10), led by a "Big Five" comprising Argentina, Brazil, Egypt, India and Yugoslavia, formed as soon as the U.S. began its push to launch a new round in the mid-1980s. The coalition successfully blocked some aspects of the U.S. initiative. The G-10 soon found itself split in trying to formulate negotiating positions as the round evolved; but it underlined the potency of coalitions to alter the structure of bargaining in which the Quad (the U.S., the EU, Canada and Japan) enjoyed so much power.

Developing countries did not leave negotiations empty-handed: the inclusion of agriculture, the commitment to phase out the restrictions on textiles, and the creation of a much stronger dispute-settlement mechanism were significant gains. Yet, they were more than compensated by concessions, the most significant of which included a more restrictive, special and differential treatment for developing countries, commitments made in intellectual property and services agreements, the binding of all tariffs on goods, and new



disciplines on subsidies and customs valuation (Tussie, 2003). In the same vein, disappointment with results of trade negotiations has come to be closely connected with the notion of participation--or more precisely the *lack* of participation. The decision-making process is one of the crucial dimensions of participation. Resentment was rampant when the commitments stemming from the Uruguay Round began to sting at the same time that a new round was mooted in late 2001. Developing countries again tried to avoid getting cornered into agreeing to definitions and an agenda that exclude their interests. An unprecedented constellation of structural conditions is now in place. After the widespread trade liberalization of the 1990s, export lobbies in many countries have gained centre-stage. In addition, the accession of China into the WTO has changed the institutional balance of power. The Doha Round, labeled as “development round,” is a hallmark. The features of the new coalition also derive from the previous experience with coalitions which suggest a process of social learning. Instead of blocking coalitions, negotiating ones have spread.

The new (and stronger) bargaining position, under the leadership of middle-range powers such as Brazil, India, and South Africa, ended up in 2003 in the formation of the G20+ at the Cancun Ministerial Meeting. The origins of this coalition can be traced to the Brasilia Declaration signed in June 2003 between India, Brazil, and South Africa, the so called IBSA initiative. The coalition that emerged at Cancun was a response to the EU-U.S. text on agriculture, arguing correctly (and forcefully) that the offer would not have changed American and European policies very much. One of the main assets of the G20 was that it went beyond a simple blocking coalition and adopted a proactive agenda, able to combine developing countries’ offensive and defensive interests in agricultural issues.

Admittedly, the initial strength of the G20 lay in its structure. As far as the EU and the U.S. were concerned, it would be very difficult for them to ignore a coalition that

constituted over two-thirds of the world's population, comprised over 60% of the world's farmers, and was led by a powerful core of emerging powers (particularly Argentina, Brazil, China, India, and South Africa). But recall that the G10 of the Uruguay Round had also comprised a core group of emerging powers, and had still collapsed. The reason why the G20 was able to preserve its cohesion when other coalitions had failed lay in its strategies. The strength of the G20 is that it managed to incorporate the concerns of net food importing and build linkages with them. Brazil, India, and South Africa have played a key role in unifying these opposite groups. Even with a predominantly liberalizing thrust, the agenda made detailed references to defensive interests.

By balancing interests, the G-20 stood in contrast to the Cairns Group where agribusiness is represented with a more avid full free trade drive. Memory of the failures of the old bloc-style diplomacy has persisted, and hence most delegates are quick to claim publicly that their coalitions are based not on identity or ideology but interests in particular issues. However, closer investigation reveals that many of these coalitions have also re-incorporated the key features of blocs. They are often limited to the developing world, outlive the issue of focus, frequently come to operate across issues, and are bound by a collective idea that the developing world shares several problems and needs to address them collectively. These “smart” coalitions hence combine elements of both issue-based alliances and bloc-type coalitions. (Narlikar and Tussie, 2003) Akin to the issue-based coalitions, they stress the importance of research in facilitating negotiations in the area under discussion. And like their issue-based predecessors, with whom they claim such close affinity, they may focus on one central issue even while addressing broader issues. By incorporating elements of the old bloc-style diplomacy and appealing to the shared weaknesses of developing countries (or some other such principle), they are able to acquire

a longevity that the short term ever-shifting-ever-blocking coalitions of earlier days never enjoyed. These coalitions have also adopted some of the research-oriented strategies of the issue-based coalitions. The resulting openness to other coalitions rather than an *U.S. versus them* antagonism, and logrolling that is not completely random but relatively more focused on a smaller set of issues (partly as a result of the research) makes these coalitions considerably more evolved than their bloc-type grandparents.<sup>2</sup>

The G-20 carries weight by its sheer market power, but the development component of the final outcome of the round is of particular significance to smaller developing countries which remain at the margin of the negotiating process. In this sense, G-90 plays a key role with a concern for transparency and democracy in the WTO, mainly questioning participation in the rule-making process and, particularly, the set of negotiation practices that have emerged without consultation. On one hand, the “friends of sector meetings” have brought together countries with substantial interests that take the lead in that area and then share information with others. On the other hand, gatherings of trade ministers by invitation-only have become current ways of moving the round and in practice coming to agreements in a selective fashion.

Most of the least developed countries (LDCs) joined other countries from Africa, the Caribbean, and the Pacific during the Cancún conference to form the G-90. These countries have defensive interests and in the end-game of the Doha round they are going to ask for side-payments. In this camp as well, resisting developing countries have a more powerful veto power than the one they have had in the Uruguay round, as they are already part of the WTO and they cannot be forced to accept a totally unbalanced agreement once again without substantive side-payments. The goal of the G-90 is not to block an agreement for its own sake but to change, to a certain extent, distributional outcomes in their favor.

A third coalition, the G-33 has also been trying to shape negotiations in agriculture. This is a grouping of over 40 developing countries with interests protecting special products and obtaining a special safeguard mechanism for them. Arguing that in the absence of deep pockets, tariffs are the only instruments available to protect their farmers, the G-33 calls for an approach to tariff reduction that does not result in developing countries paying high prices and experiencing disruption in their rural economies. They also want recognition of a category known as “special products,” that are supposed to receive specific attention (i.e. lower market access obligations).

The U.S. indicated it was against such flexibility for the G33; instead it proposes limiting this category of products and defining it with very strict criterion. In contrast the G-20 has been building bridges, although because of export interests at stake, they are concerned with too wide a loophole in the use of the special category. They would like strict limits on the number of tariff lines that can be designated as “sensitive,” but in an effort to coordinate interests with the G-33 they have recognized the need for special products and the special safeguard measure as an integral element of the special and differential treatment to which developing countries have a right. The G-20 thus proposes that the number of sensitive products must be determined once the tariff reduction formula has been developed and has expressed an interest in working closely with the G33 in this area. Since agriculture cannot be self-balancing, members of the G-20 are also active in the drafting of proposals in non-agricultural issues in order to avoid these becoming stumbling stones in the overall process.

The adoption of a technically driven agenda is a necessary, but not a sufficient condition, for a favorable agreement. WTO negotiations do not allow the configuration of winning coalitions as in a political party system. Group life in GATT history was

characterized by looseness, temporariness, and pragmatism (Drahos, 2003). The decision-making by consensus that WTO requires puts extra pressure on any type of coalition, as strength in voting numbers does not in itself translate into a winning coalition with market power. The rule of consensus casts serious doubts on the longer term sustainability of trade coalitions. Nonetheless, the presence of these coalitions shows a process of systemic interaction giving substance to developmental values and collective policy responses on a range of trade issues. The next section will look at regional challenges, *prima facie* a more stable arrangement than coalitions given that the latter involve binding commitments.

### **3. Delaying moves and stand aside strategies towards U.S. sponsored regionalism**

Being the only area of American influence that subsists uncontested in the aftermath of the Cold War (Castañeda, 1993), the most encompassing attempt to establish a model of regional economic governance by the United States was displayed in the FTAA (Phillips, 2001, 2003). The FTAA's relevance stems not only from regional market access for trade and investment, but also on a broader set of global power issues. As originally envisaged, the FTAA would not only serve to counter the regional erosion of U.S. hegemony by virtue of the expansion of European investment over the 1990s; it was also meant to increase U.S. leverage in the WTO negotiations.

The initiative was warmly received by Latin American heads of government, at a time where the Washington Consensus was the dominant mind frame. Countries in the region were making progress both in the political and economic front, leaving behind the worst excesses of authoritarianism, regulation, and protectionism. When the heads of state of the Western Hemisphere signed the 1994 Miami Declaration and Plan of Action, there was a consensus accepting American leadership in the post Cold War and in favour of trade liberalization. Today the picture is one of political backlash. Disappointing growth rates

have led to doubts about the promise held by American led reform policies. The regional annual average GDP and GDP/capita growth rates during the 1990s barely hit 3.2 and 1.4% respectively. These figures fall far behind the growth rates experienced from the 1950s to the 1980s. Although no country in the region has rolled back into protectionism, policies have come under fire and are being held responsible for the political, economic, and social malaise. Governments in South America are attempting an *aggiornamento* of state-led import substitution—combined with a nationalist project of regionalism and resistance to the FTAA.

State-led developmental opposition to trade rules on sole American terms can be clearly detected in the tactics deployed by the Mercosur trade agreement conformed by Argentina, Brazil, Paraguay, and Uruguay. Mercosur has often been portrayed as a reluctant participant in the American project to create the FTAA. Several reasons lie behind this image. In the first place, the two main partners, Argentina and Brazil, are sizeable economies with dense domestic markets; both are the least open economies of the region with the highest average regional tariff (14.3%) and with exports accounting for less than 10% of GDP. Business interest in the hemispheric initiative has been lukewarm and according to public opinion polls mostly indifferent. A referendum in 2002 organized in Brazil by more than 60 civil society organizations, with the support of the National Confederation of Catholic Bishops, revealed that more than 90% of the people that cast a vote were opposed to the FTAA and in favour of quitting negotiations altogether.

Brazil stands apart in other respects too. Brazil's main exports to the U.S., which range from relatively high tech goods such as aircraft, tractor-parts, explosion engines and telecommunications equipment; low skilled labour intensive goods such as footwear; and natural resources intensive goods like oil, steel, and paper, have often been the target of the

wide gamut of U.S. protectionist instruments (tariff peaks, antidumping and countervailing duties, to name a few). That has been the case, for instance, with orange juice, footwear, apparel, and sugar exports. Brazilian interest in the FTAA lies in the ability and willingness of the U.S. administration to relax its trade remedy laws. Counter to this need, the passing of the protectionist Farm Bill in 2001 and the imposition of countervailing duties on Brazilian steel exports in March 2002 reinforced scepticism and lack of enthusiasm.

The call for these issues is not necessarily against anti-liberalization altogether. While the technological aspects of an American led project may be embraced, it must not be done at all costs. In an effort not to become an area of straight U.S. influence there is demand to obtain the benefit of access to its market which could conceivably generate some economic growth, perhaps with limited openings of some segments of the market. To restrain American influence, overtures with Europe are also cuddled. At the core is a developmentalist reaction to repackage trade adjustment, a concern with global redistribution which accepts inevitability but seeks to manage potentially destructive aspects with continuous counterproposals. In this scenario, disagreements with the U.S. on procedural and substantive issues crop up relentlessly, adding to delay of established schedules and stand aside strategies denying the U.S. the full achievement of its policy objectives. Examples abound.

As ruling norms for the negotiations, while the U.S. was in favour of country-by-country negotiations, Mercosur upheld not only decision-making by consensus but the acceptance of sub-regional blocs as well. While the U.S. promoted an “early harvest,” Mercosur upheld that the principle of the single undertaking be applied to the entire package, in other words, that nothing be determined to be a closed decision until the whole package is agreed upon. In regards to the liberalization of services, the U.S. has insisted on

a broad liberalization scheme, a top-down approach to services trade liberalization based on negative listing, whereby all sectors and measures are to be liberalized unless otherwise specified in annexes containing reservations, or non-conforming measures. Mercosur, in contrast to other countries in the region, counter-proposed a positive list approach, following the policy lines applied in its own Montevideo Protocol on Services Liberalization. The positive list approach entails a gradual step by step mechanism whereby countries specify the type of access or treatment offered to a particular service (or service supplier) in scheduled sectors<sup>3</sup>. Likewise on government procurement, in order to carve out and retain a slice of the market for itself, Mercosur opposes the U.S. intention of extending open bidding to state companies and sub-national entities. At the Buenos Aires 2001 Ministerial meeting, the Brazilian delegation rejected the U.S. proposal (with Chilean backing) for bringing forward the deadline. Finally, Mercosur expressed broad disagreement with a good part of the agenda, at the February 2004 Puebla Ministerial. The U.S. attempt to shift agriculture and trade relief measures to the WTO, was mirrored by Mercosur with its own defensive interests; government procurement, intellectual property and services should be parked in the WTO global talks. Mercosur's interests are thus biased towards the global negotiations, which have the twofold advantage of requiring lower concessions than the ones demanded in the FTAA, and in which the liaisons with China, India and other G-20 countries provide greater opportunities for leverage over the agenda.

Against this backdrop Mercosur has also pursued a hedging strategy opening negotiations with other South American nations both to weave a fabric of agreements that allow mutual access and to increase leverage *vis-à-vis* the United States. The interest in extending the reach of Mercosur and obtaining a Free Trade Area with the Andean



Community and Central America underscore this vision. All through these negotiations Brazilian posture towards the U.S. is critical but never as confrontational as Venezuela's. The distinction is important. Economic isolation is not in the cards. The aim is to preserve the Mercosur market while at the same time opening access for business abroad. Ultimately, the aim is an attempt at consensus-building with the new players capable of holding the balance.

If the so-called South American Community of Nations, which is meant to bring together Mercosur with the Andean countries, finally achieves its objective the union could have potential to become a challenge for U.S. hegemony in the region. The initiative faces various problems, huge economic constraints, lack of institutional stability, and widespread levels of corruption surrounded by the ghosts of the past that signalled that other similar initiatives, such as the Latin American Free Trade Area of the 1960s and the Latin American Integration Association of the 1980s, were not able to meet their goals. But even as it chugs along it serves the purpose of resisting hegemony in the hemisphere.

#### **4. Regionalism: An Arena of Civil Society Contestation**

So far, we have looked at the ways in which government-led coalitions contest hegemony in a government-led forum. In this section we shall shift the focus to civil society contestation. The heightened impact of trade negotiations in the post-import substitution era has sown the seeds of domestic discontent and contestation. The anti-globalization movement consolidated these new forms of participation and protest, which was subsequently fuelled by fresh levels of anti-American sentiment, as positions hardened in the context of the war on terrorism following the events of September 11, 2001, and the rising risks of a full scale U.S. led war in the Middle East.

Polls show that discontent and disillusion simmer. Citizens (and in particular semi and unskilled labor) are demanding a greater role for the state. A mood of disenchantment and at times resentment has swept through most of South America either leading to a rapid erosion of presidents' popularity, or even worse, to the collapse of governments amidst violent riots. Ever since the launching of the FTAA, Venezuela, Argentina, Ecuador, Peru, Paraguay, and Bolivia have been in the throes of institutional crises, while Uruguay appointed a left leaning candidate to the presidency for the first time in the history of the country.

Whether or not trade reform and the rest of the neo-liberal agenda lie at the root of economic hardship, citizens associate over-dependence on the U.S. with stagnation, unemployment, and poverty. At the same time, the American pursuit of aggressive unilateralism has tapped into deeper fears about the consolidation of U.S. hegemony globally and its implications for Latin America, long seen as America's backyard. The push the U.S. had lent to the FTAA, perhaps controversial in any case, has succeeded in arousing heightened suspicion because of its advocacy by a government that is pursuing such a conservative domestic and foreign policy agenda. The way the U.S. displayed its war on terrorism and Washington's quest for regime change in Iraq revived anti-American sentiment. President Bush, in particular, became the target of blame. This has made it easier for activists and critics of further regional trade integration to characterize such plans as part of a broader political strategy for consolidating U.S. hegemony in the region.

The fear of being swamped by the massive asymmetries in political power and social, cultural, and economic resources has translated into the emergence of a heterogeneous ensemble of civil society actors active throughout the hemisphere; these have created transnational networks and coalitions exercising voice and demanding

participation in regional integration processes. Moreover, some of these civil society actors have taken the next step and have embarked upon the construction of social movements in an attempt to articulate responses to the U.S. project. (Smith and Korzeniewicz, 2005)

The social legitimacy of the FTAA, together with the influence of the U.S., have been called into question. A Latin American poll carried out by Zogby International in 2003 showed that there is an almost universal dislike of President Bush in the region. In turn, a 2003 Latinobarometro poll showed that 87% of Latin-American opinion makers rated Bush negatively. Moreover, the percentage of Latin Americans who have a negative image of the U.S. has more than doubled, from 14% in 2000 to 31% in 2003. Sixty percent of Latin Americans still have a positive view of the U.S., but that percentage was 71% in 2000. In key countries, such as Mexico, the sentiment of anti-Americanism is growing faster (58% of those consulted have a negative image of the U.S., a share which rose from a mere 22% in 2000). The percentage of people with a negative view of the U.S. reached 62% in Argentina, 42% in Brazil, and 37% in Chile in 2003 (Latinobarometro, 2004)<sup>4</sup>. The implosion of the one time best student, Argentina, has played a key role in this sense. Argentina, followed by Mexico, is the country in which the negative view of the U.S. is highest.

Such misgivings concur with a context in which many countries within the region have, in recent years, elected left-leaning governments, with the potential for a greater receptivity to the concerns and claims being articulated by civil society groups and social movements. The emerging alliances forged between Lula in Brazil, Chavez in Venezuela, Kirchner in Argentina, and the *Frente Amplio* in Uruguay suggest an interesting configuration in which agendas advanced by groups resisting the FTAA are accepted and to some extent articulated by governments. What we are suggesting, however, is that there is a

harmony of agendas rather than a full swing to another camp that is important here. There is a marriage of convenience in the new ideological climate, between governments seeking allies to consolidate their power and legitimate their positions with grassroots movements and labour groups. Civil society networks do not have the capacity to participate consistently and effectively in international policy-shaping debates, but there is ample evidence of the skill they have acquired in recent years in playing the politics of information, symbols, leverage, and accountability (Korzeniewicz and Smith 2005; Khagram et al, 2002). In the new political climate, weaker governments are motivated to make overtures to civil society networks for the purpose of mobilizing public support in contentious negotiations with the United States.

With specific *strategic political motivations* there is evidence of an alignment of perspectives, an ideological affinity of governments with those groups more resistant to American-led patterns of regional trade integration. It is a unique moment in which there is an accommodating space where left-leaning governments and movements in power are able to take forward elements of the agendas articulated by popular movements. Concessions of selective participation to some civil society actors, common currency used by the United States in classic two level games (Putnam, YR) in order to increase leverage in negotiations are being emulated by weaker governments in resistance strategies.

Each of the government leaders we have mentioned here are currently facing the *realpolitik* dilemmas of attempting not to openly confront powerful interest groups while at the same time seeking to maintain and consolidate important domestic constituencies of support to shore up their domestic popularity. While governments and civil society coalitions converge to increase their mutual persuasiveness, the FTAA, perceived as “the onslaught of empire,” has now become a leading case in the new generation of contested

trade agreements which can no longer be insulated from public concerns. What emerges from these trends is an interesting relationship between the use of mobilization and resistance in which it is not always clear how governments will balance the risk adverse mindset of elites with popular disaffection and evolve in response to claim-making and mobilizing by civil society. (Boron, 2004) What is clear is that as public opinion organizes in networks and coalitions against the FTAA, governments cannot contemplate it as an extension of the Washington consensus, a mere reflection of American space and policy preferences.

## **Conclusion**

Both at the multilateral and regional level, the U.S. has attempted to lock in its hegemony through the internationalization of its domestic regulations. The U.S.'s desire to shape the multilateral and regional trade regimes can be best understood within the tradition of exporting U.S. rules to the rest of the world, in order to provide a more secure and profitable environment for U.S.'s private interests. In this respect, it is worth highlighting that the United States is the only country that has developed a body of doctrine and practice favoring the extra-territorial application of its laws, initially restricted to anti-trust cases and export controls in the context of national security. Gradually for the United States, a rule based order has often meant the extension of American rules and procedures to the rest of the world. Of late this has been clearly evident in the drive to extend U.S. standards of regulation and protection in the issues comprised in the so-called new trade agenda: investments, services, government procurement, and intellectual property.

Our purpose has been to suggest that just as the U.S. extends its power and influence abroad, so do the challenges multiply. This assertiveness is expressed through a multiplicity of state and non-state coalition building. What should be apparent is that as

developmental values regain legitimacy, the trade arena has become a site of resistance where the weak or under-represented seek windows of opportunity to reshape rules and reduce pressure for policies they wish to evade or for which they want offsetting concessions. These challenges are not necessarily a general rejection of future cooperation at all times. As they grow in strength and stature, emerging players are investing in becoming technically empowered to resist, confront, and many times shape a number of outcomes. While civil society demands outright resistance and confrontation, governments are more prone to accommodate manipulating value conflicts, trimming U.S. proposals and vying with counterproposals both through regional agreements with binding commitments and the looser coalitions in the WTO. Dealing with the United States is less an exercise of helplessness than an exercise of accommodation where state and non-state actors interact and feed off each other in a process whereby even though not organic, values become shared, rules gradually codified and all actors get to reinvent themselves.

A project of semi-autarky and “nationalist regionalism” based upon the scenario of an attempted “populist revival” and the aggrandizement of executive power promises no more than meagre, and probably short-lived, economic compensation for the losers in processes of market integration. However, delaying one’s own market opening and tying it to concessions received abroad offers the opportunity of a more balanced result, and one in which citizen allegiance can be attracted or at least resistance can be reduced. In the different arenas in which the U.S. is being contested, civil society is asserted as an important vehicle for the current developmentalist climate. There is thus a constant weaving of negotiations, building consensus at home both with efforts to co-opt some anti-<sup>5</sup>globalisation movements, particularly those affiliated with more combative labour organizations, and efforts to build technocratically empowered proposals to buy time and

accommodate interests. State policies thus move from ultra resistance toward “crude U.S. interests ” to vacillation and evasion in order to gain an inner circle of consensus both with domestic players and other states which, once achieved, can be expanded to the next group of players until the consensus circles reaches the outer circle.

Between the two poles of inevitability and acceptance lies the domain of mixed motive, conflict of interest situations with technically informed challenges. In this domain partnership and cooperation are possible. Though not every key player may be ready to move at the same time, what happens in one scenario will itself create a situation likely to require trigger action in the other. All actors look like wrestlers nervously circling one another in a continuous process, none wanting full disruption, failure or long-standing deadlock. All told, trade has become a complex, multi-layered arena where social forces and contending political projects compete, a far cry from the simple manifestation of a hegemonic project for market-driven integration as initially conceived and spearheaded by the United States.

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<sup>1</sup> This paper has benefited from Cintia Quiliconi’s parallel research at FLACSO and her generous comments and insights.

<sup>2</sup> The agenda proposed more radical cuts on domestic support measures provided by developed countries, including a capping or reduction on domestic support measures used by the development countries. On market access, the coalition proposed a blended formula under which ‘each member will contribute to a substantial improvement in market access for all products, in an effective and measurable way’. On export subsidies, the G20 proposed the elimination ‘over an x period of export subsidies for the products of particular interest to developing countries, and further that ‘numbers shall commit to eliminate over a y period export subsidies for the remaining products’.

<sup>3</sup> NAFTA and other sub-regional agreements with the U.S. have opted for the negative list scheme.

<sup>4</sup> The poll consisted of 18,600 persons in 17 Latin American countries.