MONDIALISATION
ET DROIT INTERNATIONAL

BUILDING THE AMERICAS

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EXTRAIT

BRUYLANT
BRUXELLES
2007

BUILDING THE AMERICAS : GOVERNING MARKET-LED REGIONAL INTEGRATION (1)

BY

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In November 2005, the 4th Summit of the Americas, at Mar del Plata, was a clear indication that there is still a very long way before the creation of a Free Trade Area of the Americas (FTAA). On the bright side, there were significant results on some *non-trade* issues, but there was strong resistance being expressed with regards to the FTAA, which remains at the core of the hemispheric integration project. This reflected a clash between at least two visions of the Americas, polarizing Mercosur countries, particularly Brazil, and Venezuela, on one side, against the 29 other countries of the region, on the other. Some countries, like Canada, Mexico and Chile, attempted to reconcile divergent views. The most contentious and central problem is that, while economic integration is being presented as a key element that can contribute to the objective of "creating jobs to fight poverty and strengthening democratic governance", some countries are opposed to an integration process that would give more importance to trade and market related considerations than to political and social issues.

(1) We would like to thank the Centre for International Studies and Globalisation of the Université du Québec à Montréal for organizing the conference *Building the Americas* in November 2003. This conference provided a forum for discussions of some of the most important issues of hemispheric integration in the Americas, some of which are addressed in this book. Financial assistance provided by the Faculté de science politique et de droit of UQAM, the Institut d'études internationales de Montréal and the Groupe de recherche sur l'intégration continentale is acknowledged. We would like to thank Stuart Stilitz for translating some chapters of the book, as well as Julie Lecuyer, Christophe Peyron, Dorval Brunelle, Gilbert Gagné, Osvaldo Sunkel and Christian Deblock who have contributed to the realization of this publication.

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Hemispheric integration in the Americas certainly represents a great challenge. Bringing together, in a common and single space, a continent characterized by such diversity and extraordinary asymmetries, is not an easy task. The Americas are still composed of different spaces, countries, cultures and societies not yet sharing a common sense of destiny. There is no single "America", as there are cleavages and differences of views that can perhaps not be bridged nor reconciled. In particular, the most powerful country of the region, the United States, along with powerful business interests, favors an integration model for the Americas that is meeting considerable resistance.

Four of the questions raised by the new regionalism emerging in the Americas are especially challenging. The *first* question is linked to hegemonic role of the United States (US) and its strategy to construct a complex web of regional and bilateral initiatives to shape new rules of the game in the Americas, and in the world – a new governance framework implying the deepening of liberal economic and institutional reforms. The *second* question relates to the extraordinary asymmetries in the Americas and the complex issues related to North-South integration. The *third* question is related to the "multidimensional" nature of integration – beyond free trade, integration in the Americas has significant implications in terms of reforming and shaping economic, political and social national and regional structures. The *fourth* question relates to the type of institutions and governance framework that is being promoted in the region. Before addressing these questions, it is necessary to consider the fundamental novelties in the ways, since the 1980s, regionalism is being "constructed" and tends to favor *market-led* approaches to integration. Within this perspective, the process of "Building the Americas" can be depicted as an attempt to define governance in an era of market-led integration.

Historical Shift to Market-led Integration

Since WWII, two different regional integration models can be distinguished. The first one, developed mostly before the end of the 1970s, was articulated with a *state-centric* and intergovernmental approach towards integration. The second type of regionalism has emphasized a *market-led* approach. Integration trends in the Americas illustrate this change as, since the 1980s, they are articulated to economic and institutional reforms that consolidate an historical shift from *state-led* to *market-led* integration, development and governance models.

Looking back : state-led integration and national development

From the 1950s to the 1970s, an extraordinary period of growth and development, in the world economy and in Latin America, was based on "state-centered" approaches. Profoundly marked by the "disintegration" of the international economic order following the economic crisis of the 1930s, the post-WWII period witnessed the emergence of national and international initiatives to provide answers to problems such as economic instability, rising protectionism and war (3). National and international policy instruments were considered prime regulatory tools to secure growth, employment and social justice. The international community built an international order (IO), which constituted an attempt to reconcile liberalism and interventionism, on the one hand, and multilateralism and national autonomy, on the other hand (4). This IO was created, as Ruggie has suggested, on the basis of a double compromise (5) : national regulatory actions were to be used to temper economic liberalism, while international economic cooperation allowed for the management of international interdependencies and the avoidance of economic conflicts.

Regional integration was also being constructed within the parameters of *embedded liberalism* (6). There was an early opposition between : 1) those who perceived regional integration in terms of

(3) During the interwar period, a debate opposed those for whom a return to "normalcy" meant a return to *laissez faire* and *free trade*, to those who, like John Maynard Keynes, considered that the problems were inherent to the liberal system and required proper corrective actions. There was a split between pragmatic interventionists and dogmatic advocates of competition and free market. The former inspired post-war public policies and international institutions while the latter formed the *Mont Pelerin Society* whose influence would grow in the 1970s.

(4) J.-C. GRAZ (2000), "L'économie politique du commerce international et les origines cachées du 'nouvel agenda' de l'OMC", *Économies et Sociétés*, Série Relations économiques internationales, P. No. 35, 8/2000.

(5) J.G. RUGGIE (1982), "International Regimes, Transactions, and Change : Embedded Liberalism in the Post-war Economic Order", *International Organization,* Vol. 36, no. 2, Spring, pp. 379-415.

(6) J.G. RUGGIE, *op. cit.*

economic liberalization; and, 2) others who adopted a broader perspective of economic and political regulation. The second vision imposed itself. European integration aimed to lay the foundation of political integration through which Europe would play a greater role in a world divided along East-West lines. It also allowed for a process of gradual transfer of national sovereignty towards supranational institutions in order to improve economic regulation and achieve common objectives. This European model had a great influence on regional integration projects throughout the world, including in Latin America.

In Latin America, regional integration was developed as a complement to national industrialisation schemes seeking to alter the North-South divide. At the *ECLAC* (Economic Commission for Latin America and the Caribbean), a group of economists, like Raul Prebisch and Celso Furtado, were animated by a sense of mission to industrialize, modernize, develop and integrate Latin America and Caribbean countries (LAC). Adopting a *structuralist* approach to development, the role of the State was a fundamental instrument for national economic and social development. Regionalism was articulated with a development model of import substitution industrialization (ISI) policies; a Latin American Free Trade Association was, for instance, considered a key element to expand the size of national markets (thereby allowing for ISI on a greater and regional scale), to build complementarities between national economic structures and regional solidarity, to coordinate policies and to increase negotiating power of LAC countries in the world economy. Hence, regionalism in Latin America and the Caribbean was inward-looking and even protectionist.

Market-led regionalism

The new regionalism emerging in the 1980s turned away from *state-centric* approaches and intergovernmentalism. With the advent of globalization, it was becoming more difficult to separate national from international markets. The internationalization of firms and finance was challenging national regulatory capabilities and international institutions. As markets regained autonomy from national and international regulatory constraints, preferences shifted towards export-promotion/export-led development strategies, reliance on market forces and on the private sector, and attractive strategies targeting foreign direct investment. There was also an ideological shift in favor of neoliberalism, as neoliberal economists, who portrayed the previous decades as a disastrous era of misguided economic policies, gained grounds in the public debates (7). From the 1970s, a decade of crisis for Welfare States and the *Bretton Woods* institutions, Keynesian economic policies were replaced by neo-liberal policies. Developing countries, hurt by the debt crisis in the early 1980s and by significant shortcomings of the ISI policies, were among the first to implement the new policy packages. Neoliberalism rapidly won over the developed countries and eventually had an impact worldwide. Indeed, in the 1990s, the *Washington Consensus* was certainly in vogue and contributed to free markets and private actors from national and international regulatory constraints (8).

New ideas linking competitiveness, economic restructuring and new governance models were articulated to foster *market-led* integration processes. Development no longer relied on the key role of the State, but rather on the dynamic pressures of international competition and on integrating transnational networks deployed by multinational firms. Regionalism, sometimes qualified as *open* regionalism, was linked to economic and institutional reforms geared towards competitive international insertion of national economies within a new world context shaped by globalization (9). As the new regionalism is oriented towards *outward-looking* strategies

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(7) Statistically, it has been the most positive in terms of economic growth in Latin America and in the world economy; twenty years of 5 to 6 % of annual growth, increasing of income per capita, poverty reduction and increases of social indicators. Neoliberal economists considered these growth rates unsustainable.

(8) For a rather interesting "short history" of the Washington Consensus where J. Williamson addresses some of the main controversies, see J. Williamson (2004), "A Short History of the Washington Consensus", Paper commissioned by Fundación CIDOB for a conference "From the Washington Consensus towards a new Global Governance," Barcelona, September 2004. Available online: http://www.iie.com/publications/papers/williamson0904-2.pdf.

(9) Asia Pacific was a region with considerable influence on the re-modelling of regionalism in Latin America as the East Asian Tigers' success contrasted with the stagnating LAC region. LAC countries embarked on economic and political reforms, which, during the 1990s, were articulated with a new vision of regional integration. Indeed, while the concept of "open regionalism" is not well defined, ECLAC put forward a definition in 1994 which states that it is a "(...) process of growing economic interdependence at the regional level, promoted both by preferential agreements and by other policies in a context of liberalization and deregulation, geared towards enhancing the competitiveness of countries of the region and, in so far as possible, constituting the building blocks for a more open and transparent international economy". ECLAC, (1994), *Open regionalism in Latin America and the Caribbean in the world economy: Economic integration as a contribution to changing production patterns with Social Equity*, Santiago, Chile, p. 8.

aimed at international competitiveness – rather than towards economic closure and endogenous growth models, the relationship between regionalism and globalization is a subject of debates. Even though the new regionalism might partly contradict the liberalization of the world economy, it mostly emerged as an integral force of the globalization process. New regionalism illustrates the "urge to merge" syndrome of globalization as countries seek to create strategic alliances to face globalization challenges (10); brings new responses to functionalist problem solving issues arising from the need to elaborate transnational rules adapted to the emerging global marketplace (11); reveals the importance of the private sector and multinational enterprises in the integration process; and reflects the new importance of the US in building regional and global normative and governance frameworks.

States remain key actors of regionalism. They negotiate and implement regional agreements. However, the new regionalism seems to accentuate a triple *power shift* phenomenon corroborating, to a certain extent, Strange's thesis in *The Retreat of the State* (12): a) an upward shift from weak to strong nations; b) a lateral shift from nations toward markets and private actors; and c) the evaporation of some regulatory powers in the sense that no one is able to exercise them. Regional agreements signed by States are contributing to a shift towards private authority over integration processes, through direct and indirect channels as well as by giving preference to *market-led* and *private-led* solutions. Growing attention is rightly, although not sufficiently, paid to non-state actors, most notably to the business community emerging as an increasingly important vector of integration and authority within the world economy. Private actors are, to a considerable extent, modelling integration processes and emerging governance schemes.

The challenge now consists of establishing governance frameworks (regional and global) that provide a system of rules and constraints capable of structuring the new practices of public and private actors as well as to provide for the emergence of a social

(10) J.H. MITTELMAN (2000), *The Globalization Syndrome: Transformations and Resistance*. Princeton, Princeton University Press.

(11) The idea is mostly the reduction of international transaction costs for large multinational firms and the building of transnational production networks and value-chains.

(12) S. STRANGE, (1996) *The Retreat of the State: The Diffusion of Power in the World Economy*, Cambridge, Cambridge University Press.

dimension of integration. But if everyone agrees that institutions and normative structures have to be set up, doing so is made difficult by the fact that multinational firms are granted ever-widening rights and authority and because states are competing to attract them.

It is not clear what form the new institutions will take and there are, at least, two approaches to the problem : one stresses global or supranational governance, the other stresses regional free trade rules articulating the autonomy of actors, be they public or private, in the latter case involving voluntary cooperation and codes of conduct. In Europe, countries have opted for the establishment of supranational rules and institutions. As Nicola Philips emphasizes in this book, the challenges associated with governance and regulation in the Americas are substantially different from those encountered in Europe. In the Americas, the model favours codes of conduct and governance principles accompanied by dispute settlement mechanisms. No supranational institutions are being proposed; the US clearly opposes any international institutions having too much power over US institutions, while other countries certainly fear negotiating transfers of sovereignty with a powerful actor like the US. Regionalism in the Americas would probably reinforce a process of systemic convergence toward a common governance model, which signifies the adoption of rules and the building of institutions similar to that of the US. Among States, the US plays an increasing role in shaping regionalism in the Americas, and in the world; regionalism has become, for this country, a vehicle for exporting a governance model based on US economic and political values.

Since the 1980s, the US has sought bilateral and regional commercial agreements to strategically complement – and even to substitute for – multilateral initiatives. Regionalism has become an instrument, in the US perspective, to advance simultaneously, and in interaction, on two fronts : hemispheric integration and the construction of the global economic order. Bilateralism and regionalism reinforce the hegemonic position of the US in the world economy through a system of trade alliances resembling a *hub and spokes*, and pave the way for other agreements, which constitute stepping stones for global free trade. Regionalism allows for large-scale transformations making economic integration and democracy the foundation of a new model of inter-American cooperation.

The FTAA would enlarge and go beyond the North American Free Trade Agreement (NAFTA) to lay the foundations for a new model of governance forming a "Community of democracies". NAFTA introduced substantial innovations in trade agreements, especially in relation to services, investment, competition, norms and standards issues, thereafter included in other bilateral, regional and multilateral agreements. It reached beyond trade disciplines related to *shallow* integration processes and constituted an institutional laboratory for new rules and disciplines concerned with *deep* integration (13). Deep integration in the Americas requires more than opening borders. NAFTA also represented a first and far reaching illustration of a North-South integration scheme and it can be depicted as an *extended bilateralism*. In North America, NAFTA has illustrated that, while stronger links are emerging between the US and the two other countries, integration between Canada and Mexico remains weak. Building the Americas can be a reproduction of this type of integration processes centred on bilateral relations with the US. In the Americas, the US represents close to 80 % of the aggregate hemispheric GDP, a reason explaining why LAC countries are seeking secured access to such a "super market". Hemispheric integration would perhaps be a multiple bilateral integration process rather than a truly regional integration project.

Building the AMERICAS

There exists a strong US strategy of moulding economic governance in the Americas as the core element of a new regional political economy. This, together with the resistance being expressed in the Americas towards the road mapped by the US, raises the following question : Is there another model possible ?

Nicola Phillips, in chapter I, looks at the political economy of the regional project and addresses the emerging *US-led* approach to governance in the Americas in relation to sub-regional governance being gradually drawn into the dominant US approach. This approach implies profound economic and institutional changes in

(13) Deep integration coincides with the creation of value-chain by multinational corporations becoming the vectors of integration in a globalizing economy. It also involves a process of institutional emergence that supports market-led integration.

the Americas. Indeed, regional integration requires reforms and some type of convergence.

In chapter II, Jorge A. Schiavon and Ninfa Fuentes argue that the absence of a common structural reform platform for regional economic integration impedes the creation of a FTAA. They contend that regionalized structural reforms could counterbalance the multiple and divergent institutional rules that prevail in subregional integration processes.

From another perspective, in a chapter devoted to monetary regimes (chapter III), Carlos Quenan and Edgardo Torija Zane discuss the systemic fragility stemming from dollarization and the actual trend towards de-dollarization in Latin America. Perhaps one of the most important issues of economic integration is the fragility of national governance regimes in Latin America. This issue certainly reveals the complexities inherent to asymmetric integration involving a dominant and hegemonic actor such as the US, a country that dominates the world economy in financial, technological, economic, political, military and cultural terms.

This asymmetry involves significant challenges in relation to the distribution of the benefits and costs of integration, as well as in terms of the measures and approaches to bring about stability, growth and social justice in a continent marked by enormous inequalities.

Asymmetries and inequalities in the Americas

The new regionalism is characterized by the proliferation of trade agreements involving countries with quite different levels of development – something that was previously almost impossible to imagine. Up to the 1980s, there were exceptions and exemptions to trade agreements in recognition of the asymmetric capabilities of developing countries to compete in international markets with developed countries. Since the Uruguay Round, there was a shift towards reciprocity in trading relationships involving developed and developing countries. In the new paradigm, there should not be any departure from the *level playing field*. In this book, Vivianne Ventura-Dias (chapter IV) explores the questions raised by the asymmetrical negotiations between Latin American countries and the US, while acknowledging the historical evolution of the treatment of asymmetries in trading systems. Asymmetrical bargaining is especially significant for small economies, and as Ramesh Chaitoo (chapter V) underlines, in a chapter on the interests of the CARICOM states, there might be little to be gained from reciprocal tariff negotiations in the FTAA.

Key challenges of the FTAA negotiations concern the foundations of a new governance of the North-South relationship that gives priority to development. If an FTAA can be conducive to growth, inequalities between countries can, if not properly addressed, be a factor leading to the reproduction of unequal development.

Another key issue concerns inequalities within countries. As Judith Teichman rightly puts it in chapter VI, concerns for social justice in the Americas need to lead to measures addressing poverty and inequality. Market liberalization is clearly insufficient to fight poverty and reduce enduring inequalities in most, if not all, countries in the Americas. Linking national enterprises to transnational corporate networks in order to increase competitiveness and productivity is fueling a process of creative destruction of employment as large pans of the labor market are disappearing and being replaced by employment in dynamic sectors, competitive on world markets. This process benefits those endowed with capabilities to work in this new environment. Yet, those who worked in less competitive sectors are displaced, marginalized, and often lose acquired labor rights, become unemployed and even overexploited.

A new consensus – often referred to as a *post Washington consensus* – goes beyond liberalization, privatization and deregulation. It implies a *second generation* of reforms that pertain to new themes such as governance, transparency, corruption, inequality and social policies. There are three main elements to this shift. First, economic performance is increasingly linked to institutional governance, both public and private. Second, strategic economic policies are increasingly seen as a key element of economic performance; the main idea is the ability of a nation to deal with international competition (to create the conditions to generate growth, attract international investment "and improve the international competitiveness of "national" enterprises). Third, there is a realisation that market reforms and economic policies aimed at increased competitiveness are not sufficient for improving social welfare – and they are often outwardly socially counterproductive. There is a realization that international integration needs to prevent social exclusion and marginalization.

The World Bank has recently published "Inequality and Latin America", which recognizes that Latin America has a history marked by a very unequal distribution of land, power relationships affecting economic policies and, most importantly, that something in the policies it has advocated has failed. Some economists, most notably Nobel Prize Joseph Stiglitz, have also presented an alternative agenda for Latin America (14). The CEPAL, especially under the direction of José Antonio Ocampo, has also made a set of proposals relating to the international economic architecture and to national economic policies in order to achieve a diversification of production, the reduction of vulnerability, etc. The Monterrey Special Summit of the Americas addressed the social dimension of integration in the Americas and sought ways to correct the negative effects of economic policies. Some questions are left unanswered. Is it sufficient to find responses to the effects of economic policies? Can some heterodox economic policies have positive social impacts (15)? In its current form, the integration project in the Americas has yet to provide appropriate solutions for reconciling neo-mercantile objectives – competitiveness and growth – with objectives of social justice, equity and development.

The failure to provide a basis that links growth and social justice can have huge potential political consequences. As Judith Teichman puts it, public support for the institutions of electoral democracy has eroded in Latin America, undermining the legitimacy of the

(14) J. STIGLITZ, "Whither Reform? Towards a New Agenda for Latin America", Prebisch Lecture, Economic Commission for Latin America and the Caribbean, Santiago, Chile, 26 August 2002. Available on the ECLAC web site. This lecture provides a critical analysis of the reform agenda based on the Washington consensus and provides a reassessment of the role of economic policies as well as of the interaction between economic, political and social processes. Dani Rodrik has also contributed an excellent roadmap for "Policies for Economic Diversification", at the Prebisch Memorial Lecture of August 31, 2005 (Santiago, Chile).

(15) Chile might be an interesting case to look at since, after a dramatic transformation under the Pinochet regime, the economy benefited from a decade of strong growth, more than 7% annually during the 1990s, and a reduction of poverty. The government introduced significant institutional innovations to steer away from the Washington Consensus. Changes were introduced in labour laws, investments were made in education, health, infrastructure. The creation of the Chile Fundacion has made Chile a strong competitor in international markets. In all other countries in Latin America, and in Chile since 1998, economic growth is low and employment is not rising.

market model and the political institutions and leaders. This might indicate a need for change of economic policies and for a truly multidimensional concept of integration processes in the Americas that can foster better conditions for the legitimacy and sustainability of both market reforms and democracies.

Multidimensional regionalism

The emerging regionalism in the Americas is truly multidimensional. The FTAA supports economic policy reforms, seeks to establish, on a continental scale, institutional rules and norms in relation to trade, security and governance and proposes to lay the foundations for a "Community of democracies". The plan adopted in Miami included no less than 23 initiatives and 150 measures, under four major headings : 1) preservation and consolidation of the community of democracies; 2) promotion of prosperity through economic integration and free trade; 3) elimination of poverty and discrimination; 4) sustainable development. Although action plans and programs have been modified, the guiding principles of the initial project have not changed. The aim, in the US perspective, is to integrate the entire continent on the basis of economics, democracy and shared values.

One of the core issues, since the 1st Summit of the Americas in 1994, concerns the interface between economic and non-economic/non-trade issues. There is no explicit statement on the specific interaction between economic integration and non-economic issues. In fact, the main issue remains trade and everything else around it must either depend on it or serve it. Economic integration is indeed being presented as the principal element of an integration process in which non-market issues are either subordinated or "instrumentalized". Non-market issues, such as social and environmental policies, human rights, democracy only play a secondary role; they are either subordinated or instrument for market reforms and "free trade".

There exists a possibility, in the Summit process, although this is not yet a very convincing and dominant feature, of including new themes and institutional innovations that could offer a counterweight to neoliberal economic policy. Some argues that the prime objectives of integration in the Americas should be democracy, human rights, social integration, equity, poverty reduction, technological development, education and that economic policies should merely become instruments towards the achievement of these objectives. This would require a reversal of the tide since those objectives are now "instruments" serving the pro-market agenda.

There are ways in which *market-led* integration can be "socialized". For example, as Rodney Neufeld states in chapter VII, investment guarantees and human rights do not necessarily conflict. Nevertheless, investors are increasingly enjoying meaningful recourse to dispute settlement, while the victims of human rights violations remain much more powerless. Many options could improve the enforceability of human rights. One fundamental question is related to whether States would seek to improve the enforcement of human rights internationally, or prefer to maintain domestic control over this issue. Controversial issues now concern intellectual property standards the US wants to enforce in the Americas; this raises a number of debates, notably in terms of guaranteeing low cost medicines for low-income populations in the Americas. As Sergio Costa puts it in chapter VIII, there is a need to reach beyond North-South dichotomies in increasingly transnational issues such as human rights. Human rights have recently been an object of dispute between the US and the European dominant positions, but both visions conceive human rights in a linear expansion of the West to the rest of the world. Human rights, according to Sergio Costa, should be open enough to include very diverse emancipatory struggles that have a precise meaning when decoded locally.

Lydia Barfleur-Lancrerot, in a chapter devoted to social rights in the Caribbean (chapter IX), asks the following questions: "Should social integration be regulated by institutional structures or by market forces?" and "Is it possible to shield nations from market competition, which tends to undermine various forms of social protection?". In the case of CARICOM States, there is a need for a strong system of protection and this implies improving the subregional system of protection and increasing the number of CARICOM nations joining the inter-American system. The harmonization of working conditions for workers and strengthened regionalism are being articulated with an awareness of the risks inherent to integration of the Americas. The vulnerability of migrant workers is addressed by Juliana Sylva in a chapter (chapter X) dealing with the Mercosur sub-region. She underlines that, in the context of migration flows, Mercosur nations will have to meet a number of challenges to protect individuals from exploitation, discrimination and all other human rights violations that make migrant workers more vulnerable.

All these issues confront the Americas with a more fundamental challenge that is related to the development of a sense of common destiny. As we have said earlier, economic regionalism has gone through different phases. During the 20^{th} Century, as José Augusto Guilhon Albuquerque recalls in his chapter on Mercosur elite's values and attitude on integration (chapter XI), Latin America experienced three periods of institutional building and spreading of ideas on regional integration. Indeed, Brazil's role in the region and in multilateral forums provides an excellent background for the analysis of attitudes and values in the Southern Cone of South America. Despite more a favourable attitude from the elite sector, there is significant resistance towards a FTAA. Jorge Larrain, who tackles the question of the construction of a Pan-American identity in chapter XII, acknowledges that in Latin America there is a strong common cultural identity, which is not matched by the political will to integrate. Would it be desirable to construct a Pan-American identity? Jorge Larrain states that the construction of a Pan-American imagined community does not necessarily mean a loss of identity or a signal of the spread of the so-called "American way of life". Amaryll Chanady, in her chapter on imagined communities in the Americas (chapter XIII), asks the following question : Is it possible to talk about a common identity in the Americas? She argues that most societies of the Americas have developed identitary paradigms based on notions of diversity or heterogeneity, which are a positive trait of New World societies. These paradigms of diversity and hybridity may be particularly relevant to our increasingly globalized world.

Regional Institutions in a globalizing world

Building the Americas is not only about freeing trade. Building the Americas is a process that certainly has opened up a whole new set of questions about how to organize hemispheric relations to meet the challenging governance issues in the region. In chapter

XIV, Jane Thery specifies seven new trends in the Americas (from democracy to exclusion, discontent and immigration) that have a significant impact on the aspirations expressed through the Summits of the Americas. She suggests that understanding these new trends and their interrelations with existing economic, political, and social patterns in the Hemisphere can ensure the ongoing development of a relevant and rigorous Summit agenda. Surely, since the November 2003 ministerial meeting in Miami, the FTAA is close to being off the table and the Summit of the Americas is facing great challenges.

The hegemonic role of the US in the Americas certainly contributes to the polarization of the negotiations between those who "follow" the US and those who attempt to provide another roadmaps to integration in the Americas. The Summit of Mar de Plata surely revealed strong opposition to the FTAA, even though 29 countries appear still interested to negotiate. A group of countries, among them Brazil and Venezuela, opposes the FTAA and advocates the creation of institutions and mechanisms to redress economic inequalities. As Sylvia Ostry recalls in chapter XVI, it was already apparent, in 2003, that Brazil succeeded in narrowing the agenda to an FTAA-*lite* requiring only that countries commit to a minimum set of common obligations excluding American priorities. FTAA or not, quite ironically, the principal winner of a FTAA as well as of a failed FTAA would be the US and the world's largest enterprises. These actors benefit from a complex web of interlinked agreements that can have even more significant impacts than a FTAA. A third group can be pointed to as Canada and Mexico emphasize the need to develop, through the FTAA, strong disciplines and rules that provide space for national autonomy and protective mechanisms against unilateral US actions. These countries could provide another model. Yet, they mostly seek to defend national sovereignty against US hegemony and unilateral tendencies, rather than proposing another regional model.

The Americas has embarked on a set of discussions reaching well beyond commercial issues, but we have yet to find governance models, regionally and multilaterally, that can truly create the conditions for a more sustainable globalization. The problem is that only the US seems to have a clear vision of "what to do" and "how to do" and a powerful strategy to build support around it. This being so, it is not clear how regionalism can actually provide answers to problems arising from economic globalisation. Maureen Irish, in a chapter on WTO restraint on regionalism (chapter XV), states that "Whatever we decide in the Americas, the regionalism question is about whether (...) structures could or should be different from how all of us would organize our economic relations as part of global economic society". Certainly, the fact that the US is the main architect of the FTAA and of the multilateral trading system suggests that these paths might be converging as for the US, there is no fundamental differences between the regional and the multilateral agenda.

Globalization is a reality and we need to think the way it is regulated or governed. While some economists, like Stiglitz, quite correctly draw on Keynes to put international institutions back on the right track, times have changed. Although there is a need for fresh approaches, the problem is longer to reconcile liberalism and interventionism, on the one hand, and multilateralism and national autonomy, on the other. Today, the challenge is to find ways to reconcile liberalism with national autonomy, on the one hand, and multilateralism and a new type of national interventionism oriented towards competitiveness rather than protection, on the other (16). Any governance initiative must now acknowledge this simple, yet challenging, reality. The underlying challenge is to find, within this new environment, governance frameworks that make economic integration, in the region and throughout the world, a useful instrument for development and social justice.

(16) See C. Deblock, D. Brunelle et M. Rioux (2003), "Zone de libre-échange des Amériques et intégration en profondeur asymétrique", in H. Regnault (dir), *Intégration euro-méditéranéenne et stratégies économiques,* Paris, L'Harmattan, pp. 313-325.