THE RISE AND DEMISE OF THE FREE TRADE AREA OF THE AMERICAS: A CASE STUDY IN COUNTER-HEGEMONY

by

Marcel Nelson

A thesis submitted to the Department of Political Studies
In conformity with the requirements for
the degree of Doctor of Philosophy

Queen’s University
Kingston, Ontario, Canada

(January, 2012)

Copyright ©Marcel Nelson, 2012
Abstract

This dissertation examines the failure to achieve a final agreement for the Free Trade Area of the Americas (FTAA) at the 2005 Mar del Plata Summit of the Americas. The predominant explanation for this outcome highlights the economic asymmetries and the lack of economic interdependence between the participating states. In view of these structural impediments, based on original field interviews and extensive document analysis, the author goes a step further and argues that these factors were exacerbated by an ideological shift that took place during the decade that the FTAA was negotiated. Specifically, it is argued that the emerging consensus in the hemisphere that was in place at the launching of the FTAA negotiations in 1994 centered on the desirability of economic liberalization; this began to unravel in view of growing political challenges to neo-liberalism in many of the Americas’ social formations. This particular political challenge of economic liberalization emerged against the background of the failure of neo-liberal reforms to achieve their promised results, and the resultant socio-economic polarization. In many social formations, this polarization led to crises of authority, which sometimes opened the political arena to social forces that articulated, to different degrees, alternatives to neo-liberalism. In two countries of import for the FTAA, Venezuela and Brazil, governments were elected which challenged the United States’ leadership within the FTAA negotiations, based on a discourse of state sovereignty. In broader terms, the growing de-legitimization of neo-liberalism in the Americas engendered crises of authority in certain countries, notably in Venezuela and Brazil. This in turn brought forth political dynamics that constrained the United States’ hegemony in the hemisphere, which would have been consolidated by the FTAA. As such, this dissertation draws upon a Gramscian analysis to examine the manner in which crises of authority, rooted in the social formations of the hemisphere, came to be manifested within the institutional framework of the FTAA. In doing so, this work further demonstrates that global governance structures are not only mechanisms through which hegemony is disseminated and counter-hegemony is
absorbed, but that they can serve as spaces where hegemony can be confronted and counter-hegemony articulated.
Acknowledgements

First and foremost, I would like to thank my supervisor, Dr. Abigail Bakan, for her guidance and support. Her steadying words of encouragement, and insistence on clarity and rigour were invaluable throughout the evolution of this project.

I would also like to thank the staff in the Department of Political Studies and the faculty at Queen’s University. Specifically, I would like to thank Grant Amyot, Susanne Soederberg, Marcus Taylor, and Wayne Cox who were all helpful in one way or another over the years. Additionally, Barb Murphy, Karen Vandermaey, Jennifer Falle, Jeananne Vickery, Amelia Ponte-Viveiros, and Micheline Boomhour helped to make my Queen’s experience even better. Also, I want to thank the purveyors of the R.S. McLaughlin Fellowship, the Timothy C.S. Franks Research Travel Fund Award, and the Graduate Dean's Travel Grant for Doctoral Field Research, which supported me in my research during this journey.

I must thank Makram Haluani and Eduardo Pocarelli for the logistical support and contacts they provided me with during the time I conducted my field research in Caracas, Venezuela. I am also grateful to Angela Pietrobon for having done excellent copy editing and proofreading work on my thesis. I owe a debt of gratitude to colleagues and friends who supported me and helped to make my time at Queen’s University an enriching experience. I would like to mention: Emmett MacFarlane, Andrew Stevens, Donald Sackey, Mira Bachvarova, Nick Hardy, Christopher Canning, Robert Lawson, Laura Kelly, Yicong He, Anna Drake, Allison McCullough, Drew Bednasek, Laura Kelly, Kathleen Daley, Siobhan Byrne, Chris Samuel, Breanne Oryshak, Rémy Léger, Alan Bloomfield, Dan Pfeffer, Kelly Foyle, Edward Koning, Megan Gaucher, and Lucia Salazar. I would be remiss if I did not recognize Simon Kiss and Matthew Mitchell for being great friends and officemates during the years we shared our beloved B300.

Finally, I would like to thank my father, Ronald, my mother, Jeannine, and my sister, Céline, who
each in their own peculiar way stimulated my love of learning, and provided me with unconditional love and support throughout this process. I would like to end by thanking my partner, Yelena Markovic, whose love, support, and patience made this process a brighter one.
Statement of Originality

I hereby certify that all of the work articulated within this thesis is the original work of the author. Any published (or unpublished) ideas and/or techniques from the work of others are fully acknowledged in accordance with standard referencing practices.

Marcel Nelson

November, 2011
# Table of Contents

Abstract ........................................................................................................................................................ ii
Acknowledgements ........................................................................................................................................ iv
Statement of Originality ............................................................................................................................... vi
Table of Contents ....................................................................................................................................... vii
Glossary of Acronyms .................................................................................................................................. xi
Historical Timelines .................................................................................................................................... xv
Graphic Timeline ......................................................................................................................................... xx

## Chapter 1. Introduction ................................................................................................................................. 1
  1.1 Research Question ............................................................................................................................... 1
  1.2 Basic Premises ..................................................................................................................................... 3
  1.3 The Argument: The Failure of the FTAA as a Crisis of Authority ..................................................... 9
  1.4 Methodology/Research Procedure .................................................................................................... 19
    1.4.1 Interview Methodology .............................................................................................................. 20
    1.4.2 Documentary Source Methodology ............................................................................................ 22
  1.5 Chapter Outline ................................................................................................................................. 24

## Chapter 2. Gramsci, Hegemony, and Global Governance .......................................................................... 29
  2.1 The Limits of a Coxian Approach to Hegemony .............................................................................. 33
    2.1.1 Hegemony and World Order ...................................................................................................... 34
    2.1.2 Political and Civil Society in Cox’s Theoretical Framework ..................................................... 40
  2.2 A Re-Examination of Gramsci .......................................................................................................... 42
    2.2.1 A Definition of Hegemony ......................................................................................................... 43
    2.2.2 Consent and Coercion ................................................................................................................ 45
    2.2.3 The Temporality of Hegemony .................................................................................................. 46
    2.2.4 The Spatiality of Hegemony ....................................................................................................... 48
    2.2.5 “Crisis” in Gramsci’s Analytical Framework ............................................................................. 51
    2.2.6 The State: Political Society + Civil Society ............................................................................... 54
    2.2.7 Gramsci and International Relations .......................................................................................... 57
    2.2.8 Political Society and Global Governance ................................................................................... 59
  2.3 Gramsci, Foreign Policy, and Multilateral Negotiations ................................................................... 62
    2.3.1 Civil Society and the State ......................................................................................................... 63
4.5 Ideology and Foreign Policy in the Early Years of the 5th Republic ............................................... 171
  4.5.1 The Political Implications of Bolivarian Ideology ................................................................. 173
  4.5.2 The Foreign Policy Ramifications of the New Bolivarianism .............................................. 176
4.6 Chavez and the FTAA ..................................................................................................................... 178
4.7 Institutional Radicalization and the FTAA .................................................................................. 182
4.8 Radicalization and Institutional Transformation ........................................................................ 184
4.9 The Venezuelan Challenge to the FTAA .................................................................................... 187
4.10 Conclusion .................................................................................................................................... 192
Chapter 5. The Perspective of Venezuelan Negotiators on FTAA Negotiations ...................................... 195
  5.1 Introduction .................................................................................................................................. 195
  5.2 Interviewee Biographical Information ....................................................................................... 196
  5.3 The First Phase of the Venezuelan Negotiation of the FTAA .................................................. 198
  5.4 The Second Phase of Venezuela’s Negotiation of the FTAA .................................................... 202
  5.5 The Final Phase of Venezuela’s Negotiation of the FTAA ........................................................ 207
  5.6 Conclusion .................................................................................................................................. 211
Chapter 6. Brazil and the FTAA Negotiations ......................................................................................... 214
  6.1 Introduction ................................................................................................................................. 214
  6.2 Brazil as a ‘Sub-Imperial’ Power ............................................................................................... 216
  6.3 From the ‘Policy of Approximation’ to ISI .................................................................................. 219
  6.4 The Collapse of Authoritarianism and the Transition to Liberalism ........................................ 226
  6.5 Liberalization and Democratic Reform ....................................................................................... 227
  6.6 The New Regionalism and Hemispheric Integration ................................................................ 229
  6.7 Brazil’s Neo-liberal Turn .............................................................................................................. 231
  6.8 Brazil’s Role During the Preparatory Phase of the Negotiations ............................................... 234
    6.8.1 The FTAA, Civil Society and the State .................................................................................. 237
  6.9 Cardoso and the Launch of the FTAA Negotiations ................................................................. 242
    6.9.1 The Unraveling of Plano Real ............................................................................................ 245
  6.10 Brazil and the FTAA in the Wake of the Exchange Crisis ..................................................... 248
    6.10.1 The Institutional Ramifications of Lula’s Elections ......................................................... 249
  6.11 Continuity and Change in Brazil’s Foreign Policy ................................................................. 255
  6.12 Conclusion .................................................................................................................................. 261
Chapter 7. Conclusion ............................................................................................................................. 263
7.1 Introduction ..................................................................................................................................... 263
7.2 Empirical Contributions .................................................................................................................. 263
  7.2.1 Contribution to the Debate over the FTAA .............................................................................. 264
  7.2.2 Contribution to Understanding the Bolivarian Revolution ....................................................... 269
7.3 Theoretical Contributions ................................................................................................................ 270
  7.3.1 Contribution to Neo-Gramscian Theory ................................................................................... 271
  7.3.2 Contribution to the Literature on Global Governance .............................................................. 272
7.4 Areas for Future Research ............................................................................................................... 274
7.5 Conclusion ....................................................................................................................................... 276
Works Cited............................................................................................................................................... 280
Appendix A. GREB Letter ........................................................................................................................ 298
Appendix B. Letter of Information for Interviewees ................................................................................. 299
Glossary of Acronyms

AD - Acción Democrática, Democratic Action (Venezuela)

AFL-CIO - American Federation of Labour-Congress of Industrial Organizations

ALADI - Asociación Latinoamericana de Integración, Latin American Association for Integration

ALALC - Asociación Latinoamericana de Libre Comercio, Latin American Free Trade Associations

ALBA - Alternativa Bolivariana para los Pueblos de Nuestra América, Bolivarian Alternative for the Americas

ARENA - Aliança Renovadora Nacional, Alliance for National Renovation (Brazil)

BNDES - Banco Nacional de Desenvolvimento Economico e Social, National Bank for National and Social Development

BRIC - Brazil, Russia, India, and China

CA - Comunidad Andina, Andean Community

CACM - Central American Common Market

CAMEX - Câmara de Comércio Exterior, Chamber of Exterior Commerce (Brazil)

CARICOM - Caribbean Community

CGSE - Consultative Group on Smaller Economies

CIA - Central Intelligence Agency

CONINDUSTRIA - Confederación Venezolana de Industriales, Venezuelan Industrial Confederation

CNI - Confederación Nacional de la Industria, National Confederation of Industry (Brazil)

CONEX - Consultative Council of the Private Sector (Brazil)

CONINDUSTRIA - Confederación Venezolana de Industriales, Venezuelan Industrial Confederation

COPEI - Partido Social Cristiano de Venezuela, Social Christian Party of Venezuela

CTV - Confederacion de Trabajadores de Venezuela, Venezuelan Workers Confederation

EAI - Enterprise for the Americas Initiative
ECLAC - Economic Commission for Latin American and the Caribbean

EU - European Union

FCV - Federación Campesino de Venezuela, Peasant Federation of Venezuela

FEDECAMERAS - Federación de Cámaras y Asociaciones de Comercio y Producción de Venezuela, Federation of Chambers of Commerce and Industry of Venezuela

FIESP - Federación de Industrias del Estado de Sao Paulo, Industrial Federation of the State of Sao Paulo

FTA - Free Trade Agreement

FTAA - Free Trade Area of America

GATT - General Agreement on Tariffs and Trade

G3 - Group of 3 (Venezuela, Colombia, and Mexico)

HCP - Hemispheric Cooperation Program

HSA - Hemispheric Social Alliance

IBSA - India-Brazil-South Africa

IDB - Inter-American Development Bank

IESA - Insituto de Estudios Superiores de Administracion, Institute of Advanced Studies in Administration (Venezuela)

IFI - International Financial Institution

IMF - International Monetary Fund

IPE - International Political Economy

IR - International Relations

ISI - Import Substitution Industrialization

ITP - Interim Trade Program

MAI - Multilateral Agreement on Investment

MAS - Movimiento al Socialismo, Movement for Socialism (Venezuela)

MDIC - Ministério do Desenvolvimento, Indústria e Comércio Exterior, Ministry of Industry and Foreign
Trade (Brazil)

MERCOSUR - *Mercado Común del Sur*, Southern Common Market

MFN - Most Favoured Nation

MIF - Multilateral Investment Fund

MPC - *Ministerio de la Producción y el Comercio*, Ministry of Production and Commerce (Venezuela)

MVR - *Movimiento V [Quinta] República*, Fifth Republic Movement (Venezuela)

NAFTA - North American Free Trade Agreement

NEC - National Economic Council (United States)

OAS - Organization of American States

OPA - *Opeação Pan Americana*, Operation Pan-America (Brazil)

OPEC - Organization of Petroleum Exporting States

ORIT - Inter American Regional Organisation of Workers

PCV - *Partido Comunista de Venezuela*, Communist Party of Venezuela

PDVSA - *Petroles de Venezuela*, S.A; Petroleum of Venezuela

PICE - *Programa de Integração e Cooperação Econômica*, Program for Economic Integration and Cooperation (Brazil – Argentina)

PSUV - *Partido Socialista Unido de Venezuela*, United Socialist Party of Venezuela

PT - *Partido dos Trabalhadores*, Workers Party (Brazil)

REBRIP - *Red Brasileña por la Integración de los Pueblos*, Brazilian Network for the Integration of the Peoples

SCF - Structural Convergence Fund

SENALCA - *Seção Nacional de Coordenação dos Assuntos relativos à ALCA*, National Section for the Coordination of Themes Pertaining to the FTAA (Brazil)

SOC - Committee of Government Representatives on the Participation of Civil Society

TNC - Trade Negotiations Committee

TPA - Trade Promotion Authority
USAID - United States Agency for International Development

UCV - Universidad Central de Venezuela, Central University of Venezuela

UNASUR - Unión de Naciones Suramericanas, Union of South American Nations

URD - Unión Republicana Democrática, Republican Democratic Union (Venezuela)

USB - Universidad Simon Bolivar, Simon Bolivar University (Venezuela)

USTR - United States Trade Representatives

WTO - World Trade Organization
Historical Timelines

FTAA

October 1988: Signature of the Canada-United States Free Trade Agreement (CUSFTA)

November 1989: Fall of the Berlin Wall

July 1990: The Enterprise for the Americas Initiative (EAI) is unveiled

November 1993: The North American Free Trade Agreement (NAFTA) is ratified by the United States Congress

December 1994: First Summit of the Americas takes place in Miami, United States

June 1995: First FTAA Ministerial Meeting takes place in Denver, United States

March 1996: Second FTAA Ministerial Meeting takes place in Cartagena, Colombia

May 1997: Third FTAA Ministerial Meeting takes place in Belo Horizonte, Brazil

March 1998: Fourth FTAA Ministerial Meeting takes place in San Jose, Costa Rica

April 1998: Second Summit of the Americas takes place in Santiago, Chile

November 1999: Fifth FTAA Ministerial Meeting takes place in Toronto, Canada

April 2001: Sixth FTAA Ministerial Meeting takes place in Buenos Aires, Argentina

April 2001: Third Summit of the Americas takes place in Quebec City, Canada

November 2002: Seventh FTAA Ministerial Meeting takes place in Quito, Ecuador

November 2003: Eighth FTAA Ministerial Meeting takes place in Miami, United States

January 2004: Special Summit of the Americas Meeting takes place in Nuevo Leon, Mexico

November 2005: Fourth Summit of the Americas takes place in Mar del Plata, Argentina

Venezuela

October 1899: Cipriano Castro becomes president following a military takeover of the country.

December 1908: Juan Vincente Gomez becomes president as a result of a military coup.
1943: The Hydrocarbons Act is implemented to expand the government’s control over petroleum exploitation as well as its share of the profits.

October 1948: Romulo Betancourt from the Accion Democratica (AD) becomes Venezuela’s first democratically elected president.

December 1952: Marcos Perez Jimenez becomes president following a military coup that overthrows Betancourt’s government.

January 1958: The Jimenez’s government is toppled and the political parties responsible for this event, except the deliberately excluded Partido Comunista de Venezuela (PCV), agree to the Punto Fijo Pact, which shaped Venezuela’s political system until the inauguration of the Fifth Republic in 1999.

February 1959: Betancourt becomes president a second time.

October 1973: The first petroleum crisis takes place as the price of petroleum increases exponentially following the proclamation of an oil embargo by the Organization of Petroleum Exporting Countries (OPEC), which increased Venezuela’s petroleum revenue exponentially.

March 1974: Carlos Andres Perez (AD) becomes president for the first time and promises to develop Venezuela through a program called La Gran Venezuela funded by the increased petroleum revenue.

1976: In order to continue funding the projects of La Gran Venezuela, Perez’s government begins to borrow foreign credit and accrues an accounts deficit that will grow intensely until the 1980s.

January 1979: A second petroleum crisis begins and the price of petroleum increases following the Iranian Revolution.

March 1979: Luis Herrera Campins, from the Partido Social Cristiano de Venezuela (COPEI), becomes president.

1980: Petroleum prices begin a twenty year decline.

February 1984: Jaime Lusinchi (AD) becomes president, then subsequently eliminates the country’s fixed foreign exchange rates and begins to cut spending as a result of pressure from the International Monetary Fund (IMF) despite campaign promises not to carry out such a program.

February 1989: Perez becomes president a second time and immediately begins implementing an austerity program sponsored by the IMF despite campaign promises not to carry out such a program.
February 1989: Rioting known as the Caracazo breaks out throughout the country as a result of Perez’s reforms. The military is called into action by the government to quash the rioting.

February 1992: A first failed coup attempt is carried out by low-ranking military officers. Hugo Chavez Frias is counted as one of its leaders.

November 1992: A second failed military coup is carried out.

March 1993: Perez is impeached on corruption charges.

February 1994: Caldera is elected a second time as the candidate of the Convergencia, a coalition of different parties that excluded the COPEI and the AD.

February 1999: Chavez, from the Movimiento V [Quinta] Republica (MVR), becomes president.

December 1999: The Fifth Republic is enacted following a national referendum.

December 2001: Chavez launches the Bolivarian Alternative for the Americas (ALBA) as a concept in the wake of the Quebec City Summit of the Americas in April 2001.

April 2002: A failed coup attempt is carried out by the opposition.

December 2002: The executive of the Petroleos de Venezuela, S.A (PDVSA) launches a failed capital strike to dislodge the government.

December 2004: The Venezuela-Cuba Agreement formally launches the ALBA.

Brazil

November 1930: Getulio Vargas becomes president following a bloodless coup.

January 1946: Eurico Dutra becomes president.

January 1951: Vargas returns to power following free elections.

January 1956: Juscelino Kubitschek becomes president following free elections.

1958: Kubitschek launches the Operaçao Pan Americana (OPA).

February 1960: The Asociación Latinoamericana de Libre Comercio (ALALC), predecessor to the Asociación Latinoamericana de Integración (ALADI), is launched.

January 1961: Janio Quadros becomes president following free elections.
September 1961: João Goulart becomes president in the wake of the implosion of the Quadros government.

January 1962: The Latin American Free Trade Association (LAFTA) comes into effect as a result of the ALALC.

April 1964: Humberto de Alencar Castelo Branco becomes president following a military coup that overthrows the Goulart government.

March 1967: Artur da Costa e Silva succeeds Castelo Branco as president.

October 1969: Emílio Garrastazu Médici succeeds Costa e Silva as president.

1974: The Brazilian economic ‘miracle’ is disrupted in the wake of the petroleum shock of 1973 as economic growth slows and external debt increases.

March 1974: Ernesto Geisel succeeds Médici as president.

March 1979: João Baptista de Oliveira Figueiredo, Brazil’s last non-democratically elected president, succeeds Geisel as president.

August 1980: The ALADI is signed into existence.

March 1985: Tancredo Neves becomes Brazil’s first democratically elected president following the collapse of the military dictatorship.

April 1985: José Sarney succeeds Neves as president following his death.

July 1986: A series of protocols between Argentina and Brazil are signed to begin a process of diplomatic normalization between both countries.

December 1986: The Rio Group is founded.

March 1990: Fernando Alfonso Collor de Mello becomes president.

March 1991: The Treaty of Asuncion is signed and puts into place the framework of MERCOSUR.

June 1991: The Rose Garden Agreement between the MERCOSUR countries and the United States is signed.

December 1993: Itamar Franco becomes president after Collor de Mello is impeached as a result of corruption charges.

July 1994: The *Plano Real* is implemented and is subsequently credited for stabilizing inflation and amplifying the power of financial capital.

January 1995: Fernando Henrique Cardoso becomes president.
June 1996: The Federación de Industrias del Estado de Sao Paulo (FIESP) and the Confederación Nacional de la Industria (CNI) launch a general strike against the consequences of the Plano Real.


January 1999: The Real is devalued as a measure to mitigate against the consequences of the Asian financial crisis.

November 1999: The European Union (EU) begins negotiations for a trade agreement.

September 2002: A non-binding referendum on the FTAA is held and 72% of the participants reject the agreement.

January 2003: Luiz Inácio (Lula) da Silva becomes president.

October 2004: EU-MERCOSUR negotiations are suspended.
Chapter 1. Introduction

1.1 Research Question

The failure to obtain a final agreement for the Free Trade Area of the Americas (FTAA) at the 2005 Mar del Plata Summit of the Americas was simultaneously expected and surprising. It was expected to fail in terms of the growing discord between Brazil and the United States during the final stage of the negotiations. In the context of the extreme structural asymmetries - economic, social, and political - that characterized the social formations of the hemisphere, as well as the relatively low degree of economic interdependence between some of them, the FTAA seemed as though it was doomed from the beginning. Indeed, many post-mortems focused on these economic structural impediments to explain the unraveling of the negotiations. For example, in 2005, the Gross Domestic Product (GDP) in millions of US dollars of the combined states of South America, the Caribbean, and Central America amounted to $2,698,103, while the GDP of the United States alone amounted to $12,665,857.¹ There is no doubt that the structural asymmetries of the hemisphere were a major hindrance to finalizing an agreement before the 2005 deadline. However, focusing exclusively on such ‘objective’ material hurdles obfuscates the ideological context in which the negotiations were launched in the beginning of the 1990s. Specifically, such an approach does not consider the consensus that was in place concerning the desirability of such an agreement in the lead up to, and in the wake of, the 1994 Miami Summit of the Americas. It is important to remember that the end of the Cold War was thought of as an opportunity by political and economic elites in Latin America to reinvigorate the region’s relationship with the United States. It was a relationship that was to be based on a mutual endorsement of liberal democracy and economic

liberalization after what Latin America had perceived to be a period of neglect. It is precisely in reference to the ideological context in which the negotiations took place as well as the actual progress that was achieved that one can also characterize the failure to reach an agreement by 2005 as a surprise. This desire for reconciliation was heartily endorsed at the time by the American President, George H. W. Bush, who reciprocated with the precursor to the FTAA: the Enterprise for the Americas Initiative (EAI). Additionally, an analysis solely based on the hemisphere’s asymmetries ignores the actual progress that had been achieved up until 2003 within the institutional framework that had been established to negotiate the agreement. As this author will show, it was an institutional framework that was consciously designed to isolate the negotiations from the vagaries of politics that might stem from the asymmetries of the Americas.

When beginning an analysis of the FTAA from the perspective of the context that was in place in 1994, rather than the one in place in 2005, it becomes apparent that a general shift was taking place in the Americas during the decade in which the FTAA was negotiated. During this period, there were, of course, the policy shifts and changes of government that could be expected over such a long period. However, a pattern emerged within the polities of Latin America, beginning with the election of Hugo Chavez Frias in 1998 in Venezuela, which can be characterized as a leftist electoral wave. One cannot reduce the cause of this electoral wave to any one factor, although the growing opposition to the neo-liberal reforms implemented throughout the 1980s and 1990s can be identified as a significant contributor to this

---

development. Eventually, with the election of Luiz Inácio (Lula) da Silva in 2002 in Brazil, and in the wake of the Argentine Economic Crisis (1999-2002), there coalesced a group of states that were skeptical of, if not hostile to, neo-liberalism in the form presented by the FTAA within the ‘Mercado Común del Sur (MERCOSUR) plus one’ block that emerged in relation to the negotiations.

The purpose of this dissertation, therefore, is to explore the degree to which the growing opposition to neo-liberalism in the Americas had an impact on the evolution of the FTAA negotiations. Notably, it will be argued that the growing reaction against neo-liberalism, as an ideology associated with a series of reforms applied in a highly differentiated and uneven manner throughout the hemisphere, can be linked to specific dynamics that directly impacted the progression of the FTAA negotiations. Additionally, the impact of this reaction, or ‘crisis of authority’, will be demonstrated to go beyond the basic economic asymmetries of the hemisphere in explaining the outcome of specific conjunctures during the decade-long negotiations.

1.2 Basic Premises

The first premise that underlies the analysis put forth in this dissertation is that the FTAA represented an example of what Stephen Gill calls the “new constitutionalism.” The new constitutionalism comprises an attempt to institutionalize the expansion of capitalist accumulation and to formally protect the interests and rights of capital in different social formations. Put differently, Abigail Bakan explains that new trade and investment treaties that represent examples of the new constitutionalism seek to “codify” the “ability of capital to cross national borders with fewer restrictions,

---

5 The ‘MERCOSUR plus one’ group consisted of Brazil, Argentina, Uruguay, Paraguay, and Venezuela.
often under the welcome watch of the ruling classes of the receiving state.”

The FTAA, in terms that will be clarified in Chapter 2, represented an attempt by the United States, along with allied classes throughout the Americas, to unify the “non-contemporaneity of the present” into a single codified “present” through its framework. The strength of the consensus concerning the advantages of economic liberalization in the hemisphere in the early 1990s was sufficiently coherent, but it was pressure from Latin American states, combined with the advocacy of the United States Treasury, that prompted Bill Clinton’s administration to formally launch FTAA negotiations in 1994. In short, the FTAA as an agreement constituted an attempt to formalize American leadership in the hemisphere, and to facilitate the task of managing and expanding it by streamlining the political economic policy frameworks of the Americas into one comprehensive framework. Furthermore, the agreement would have created a formal transnational institutional mechanism that would have further reinforced the United States’ leadership in the hemisphere, through lessening the visibility of its dominance by making a multilateral governance structure responsible for governing the economic policies of the hemisphere. If successful, the FTAA would have helped to further universalize, in terms of the “ethical-political” framework of the agreement, the United States’ leadership in the hemisphere.

The framework of the FTAA, notably its content and structure, was firmly ensconced within the neo-liberal paradigm. In fact, free trade, which has often been twinned with financial liberalization, has been positioned as the fundamental building block of a neo-liberal world order based upon a more open

---

world economy. Specifically, within the neo-liberal ideology, free trade is perceived to be an important measure necessary to liberate market exchange from extra-economic institutional intrusions, which, according to neo-liberal ideology, will engender a ‘virtuous cycle’ of economic growth and development. In terms of the FTAA’s content, participating states agreed that it would be ‘WTO-plus’ in that it would go beyond the benchmarks of the World Trade Organization (WTO), which it effectively did in terms of the rules on investment, government procurement, and anti-dumping measures. The content of the agreement was premised on the neo-liberal mantra of “deregulation, liberalization, and privatization.” Essentially, as with other examples of the “new constitutionalism,” it sought to de-politicize economic policy by imposing institutional constraints on the decision-making capacity of nation states. By enshrining neo-liberal ‘rules of the game’ it would have contributed to pre-empting alternative discourses pertaining to economic development and integration. Therefore, the FTAA represented a hegemonic effort, originally prompted by Latin America, to institutionalize American leadership in the hemisphere through an integration scheme premised on neo-liberal policies.

The second principal premise is that the FTAA was negotiated in a context of emerging crises of authority throughout the hemisphere, as conjunctural manifestations of an ‘organic crisis’ of capital, which shaped the evolution and outcome of the negotiations. Specifically, the socio-economic hardships wrought by the organic crisis of capital released, or projected, tensions that were conjugated in two

---

10 Ray Kiely argues that, contrary to the claims of the theory of comparative advantage, which posits that economic development will accrue to states who specialize in exporting goods that they can produce efficiently, increased international economic integration has not led to a levelling out between the core and periphery, but has rather increased “domination and marginalization” between both elements. Ray Kiely, Rethinking Imperialism (New York: Palgrave Macmillan, 2010) 170.
elements of the hemisphere’s superstructure. Notably, these tensions led to crises of authority in two institutional realms, within particular national social formations and within institutional frameworks situated beyond national state apparatuses. This is not to say that the FTAA itself was the cause of the crises of authority in the national social formations of the hemisphere, nor is it to say that a crisis of authority only manifested itself vis-à-vis the agreement. Rather, the FTAA, as a project to further institutionalize neo-liberal policies in the hemisphere, became a symbol of discontent in relation to a crisis of authority rooted in the social formations of the Americas as well as a threat to the prerogatives of the governments led by the leftist wave that had swept Latin America. Consequently, the FTAA became a field of action for state actors and social movements to challenge, or at least constrain, American leadership based on neo-liberal policies at a regional level in the hemisphere.

A crisis of authority, according to Antonio Gramsci, represents a conjunctural moment during which the traditional political parties that purport to represent particular classes can no longer carry out that task. This disjunction of representation is a moment of a deeper manifestation of an organic crisis, which occurs when a hegemonic, or dominant, class finds it more difficult to present its interests as being universal.13 This unhinging of leadership opens the political field to the mobilization of different social forces. It does not necessarily lead to the overthrow of a particular order, explains Gramsci, as a ruling class with its “trained cadres” are usually in a position to regain control of the situation; however, the cost of concessions often renders its domination more precarious, and may open it to greater instability in future.14

Fundamentally, the crisis of authority in the Americas impacted two sets of relationships which tied together different elements that structured the evolution of the FTAA negotiations: (i) the

relationships between states and civil societies in national societies in the Americas, and (ii) the relationships within the institutional framework of the FTAA. In terms of the relationship between the states and civil societies of the Americas, crises of authority emerged as a result of the growing inability and unwillingness of ruling classes, particularly in Latin America, to promote neo-liberal reforms—advocated largely by the United States—in view of these reforms’ failure to advance growth and the social hardship that resulted from them. For example, Eric Hershberg and Fred Rosen explain that while “during the period from 1950 to 1980 annual growth rates were steady at well over 5 percent, these figures dropped to 1.0 and 3.2 percent during the 1980s and 1990s, respectively.”\(^{15}\) The political polarization that resulted from these changes in growth rates contributed to a leftist electoral wave throughout Latin America. Nevertheless, this study is careful to point out that just as the implementation of neo-liberal reforms was very much a differentiated process, the growing challenge to neo-liberal elites in the Americas did not lead to a uniform process throughout the social formations of the hemisphere. Rather, it was shaped by the very different realities of the “historical blocs” that made up the social formations of the hemisphere.\(^{16}\)

In terms of the global governance structures in the hemisphere, the crises of authority that manifested themselves within social formations had a direct impact on the institutional framework of the FTAA. The consensus that emerged in 1994 was shaken in terms of the desirability of liberal economic policy, as it had been advocated by the United States. The combination and binding of opposition from the different state actors within the FTAA negotiations, Brazil and Venezuela being key, created a crisis of authority that challenged the United States’ leadership in the Americas. In other words, the political

\(^{15}\) Hershberg “Turning the Tide?” 10.

\(^{16}\) Gramsci explains that: “Structures and superstructures form an “historical bloc”. That is to say the complex, contradictory and discordant ensemble of the superstructure is the reflections of the ensemble of the social relations of production.” *Prison Notebooks* 366.
terrain of the FTAA negotiations was opened to challenges from state actors from Latin America. In short, the crises of authority in the national social formations of the hemisphere contributed to a crisis of authority at a regional level in terms of the United States’ leadership. Conversely, although not characterized by a crisis of authority, growing opposition to further neo-liberalism within the United States’ social formation constrained its ability to make the concessions, both material and ideological, that would have facilitated the successful negotiation of the agreement. Brazil was able to exploit to its advantage the fact that the United States: (a) did not have fast-track authority up until 2002 and (b) was unwilling to consider reducing its agricultural subsidies. Although it is important to note that, until 1999, Brazil engaged with the FTAA in a constructive manner, it challenged the United States so as to be able to move the negotiations in directions that were consistent with its interests. The consequence was that Brazil was continually able to pressure the United States to back away from its preferences, for example, that FTAA accession be done through the North American Free Trade Agreement (NAFTA). Following the 1999 exchange crisis, and a crisis of authority pertaining to the neo-liberal reforms that were implemented throughout the 1990s, the Brazilian government adopted a much more aggressive attitude towards the negotiations, particularly in relation to agricultural subsidies, which posed a more direct challenge to the FTAA and the United States’ leadership in the hemisphere. This shift was manifested in terms of Brazil’s role in slowing down the vital work that was being done in the negotiation groups and in the adoption of the ‘FTAA à la carte’ framework in 2003. Venezuela, in turn, was increasingly willing to challenge the United States both within the institutional framework of the negotiations, and beyond it with its explicit alternative to the FTAA, the Alternativa Bolivariana para los Pueblos de Nuestra América (ALBA). Brazil’s actions in the latter stage of the negotiations were stated in much less radical terms than those of Venezuela, but were no less effective. Brazil’s actions were effectively counter-hegemonic, but, for reasons that will be examined below, they were not articulated in ideologically
explicit terms that put the country into direct opposition to the United States. Venezuela, however, explicitly articulated its actions in terms of a rejection of neo-liberalism and United States’ leadership in the hemisphere. Despite the very different dispositions that Brazil and Venezuela had towards the agreement, they progressively coalesced into the ‘MERCOSUR plus one’ block - along with Argentina, Uruguay, and Paraguay, and were later joined by Bolivia after the election of Evo Morales - which effectively blocked the possibility of a hemispheric-wide agreement by the 2005 Mar del Plata Summit of the America. This moment in no way represented an ‘epochal’ break in terms of United States dominance in the hemisphere, but rather a moment in which the United States was forced to retreat and rearticulate the content of its leadership along more modest lines. Rather than a comprehensive regional trade agreement, the United States turned to arranging agreements with individual American states. The effort to institutionalize the United States’ hegemony along the lines of the consensus that emerged at the end of Cold War essentially failed.

1.3 The Argument: The Failure of the FTAA as a Crisis of Authority

This dissertation suggests a framework from which to understand how a crisis of authority, rooted in the social formations of the Americas, came to have repercussions within the institutional structure of the FTAA negotiations. Robert Cox's adaptation of Gramsci’s work focuses on, among many things, the role played by international institutions in disseminating hegemony on behalf of a hegemonic state. Hegemony, according to Gramsci, within national social formations and through the institutions of civil and political society, universalizes the interests of a particular class. Cox maintains that international institutions serve to universalize the interests of a particular state so as to better integrate other states into
a world order.\textsuperscript{17} However, this approach to international institutions does not account for the possibility that a crisis of authority may appear upon such terrain. The growing assertiveness of states like Brazil and China in international forums such as the Doha Round of the World Trade Organization (WTO) requires a new conceptual framework that goes beyond viewing international institutions as “pillows” to counter-hegemony. Hegemony, as Cox readily acknowledges, is a dialectical phenomenon, which needs to be continually reasserted and managed so as to increasingly include new class fractions into the hegemonic fold and to absorb counter-hegemony.\textsuperscript{18} However, the dialectical nature of hegemony means that it is also contingent and that there are moments during which it cannot completely absorb challenges to its leadership, articulated as particular moments of crisis of authority.

This theoretical oversight, this dissertation argues, is due primarily to some of Cox’s formulations of the relationship between international institutions and civil society, whereby they constitute a separate global “integrative state” (civil society + political society), autonomous from and dominating the integrative states of the world’s different social formations. In conceptualizing a separate global civil society engaged with international institutions, it becomes difficult to see how challenges from below can come to shape international institutions, and specifically, how a crisis of authority originating in national social formations can appear within such institutional frameworks. Instead, this dissertation contends that it is imperative to return to Gramsci’s understanding of the relationship between political and civil society, whereby political society is understood to be an “abstraction” from civil society. Political society is a form specific to the capitalist mode of production which seeks the “speculative juridical resolution” of the class divisions of civil society. It is a speculative resolution as it seeks to “enwrap” civil society so as to shape it according to its interests. Within this framework, political society is not synonymous with state

\textsuperscript{17} Robert Cox “Gramsci, Hegemony and International Relations” Gramsci, Historical Materialism and International Relations ed. Stephen Gill (Cambridge: Cambridge University Press, 1993) 61-61.

apparatuses; instead, state apparatuses represent concrete “moments of universality” of political society.\textsuperscript{19} Therefore, within this formulation, political society abstracts itself from civil society, but essentially remains dialectically linked to it. The conceptual approach adopted within this dissertation provides a framework from which one can begin to understand how movements from below, grounded in the civil societies of national social formations, can come to shape international institutions and not simply absorb them. This author argues that it is theoretically fruitful to conceptualize international institutions, or global governance structures, as being situated within political societies that continue to be dialectically linked to the civil societies of national social formations. Notably, though international institutions have no formal links in terms of legal accountability to the civil societies of national social formations, they remain dialectically linked to each other through interactions national state actors that are also situated within political society. Conversely, if we understand international institutions as constituting a separate integrative state, the continued relationship with the civil societies of the world’s social formations becomes difficult to grasp. To represent international institutions as being dialectically linked with an emerging global civil society is to obfuscate the continued dialectical relationship they maintain with civil society in national social formations. Furthermore, this reifies the universality that these international institutions purport to represent. Nonetheless, the approach to global governance structures put forth by this dissertation remains consistent with Cox’s other theoretical formulations of the multiform relations that constitute international institutions. Particularly helpful is his argument that international institutions are the constructs of hegemonic states that act on the behalf of hegemonic classes, which work to universalize particular interests.\textsuperscript{20}

The crisis of authority framework addresses the manner in which the FTAA negotiations began to

\textsuperscript{19} Thomas, \textit{The Gramscian Moment} 190-194.
\textsuperscript{20} Cox, “Gramsci, Hegemony and International Relations” 61-63.
unravel in relation to the institutional framework that was designed only to carry out the negotiations to a successful end. In this connection, the ideological shift against neo-liberalism in the hemisphere is seen to have a direct bearing on the manner in which the FTAA negotiations halted. This dissertation expressly argues that the negotiations truly came to a standstill once disagreement appeared, and that work ceased within the FTAA’s different negotiating groups in 2003. This development occurred not at the beginning of the negotiation process as a result of the economic incongruencies of the hemisphere; rather, it happened at the end of the negotiations as a result of the behaviour of state actors representing Venezuela and Brazil, motivated by developments within their respective national social formations. The institutional framework of the FTAA negotiations was onion-like in its design and explicitly sought to isolate the core of the negotiations from changing dynamics originating from social formations. The outer institutional layer of the negotiations consisted of the Summit of Americas process, which was attended by the hemisphere’s heads of state. The Summit process comprised setting out the broad outline of the hemispheric agenda, including the FTAA, and was responsible for addressing social and political questions. Essentially, in designing the hemispheric integration process, American policy-makers sought to channel political and social questions into the Summit process so as to allow the FTAA negotiations to address exclusively technical economic questions. Additionally, civil society engagement was to be addressed through the Summit process to provide technical advice. There was, in fact, a half-hearted attempt later in the negotiations to integrate civil society organizations into the technical negotiations. It is also important to note that despite the unenthusiastic effort to include civil society organizations from different sectors of all of the societies involved in the negotiations, a viable Business Forum was co-joined to the FTAA process early on in the negotiations. This ineffective attempt to include civil society in the FTAA negotiation process was a strategy to attenuate criticism that it was unaccountable and
undemocratic from the perspectives of civil society organizations. The FTAA process itself was further divided into ‘two-tracks.’ The first ‘track’ consisted of the integration of the hemisphere’s different sub-regional agreements, and the second ‘track’ involved the FTAA’s different negotiation groups. The outer layer of the first track essentially absorbed the political conflicts surrounding the agreement and was largely managed at the ministerial level, which left the second track to deal exclusively with technical matters. This second track served as the driving force of the agreement, and the negotiations progressed as long as work was being achieved within this sphere of the process. This dynamic core of the negotiations sought to create an “epistemic community” of negotiators who collectively supported the desirability of the agreement. To achieve this end, the framers of the agreement sought to include “functional agencies.” For example, ministries of agriculture were the functional agencies for agricultural questions, effectively sideling more “politicized agencies” such as foreign ministries. Despite numerous diplomatic disagreements in the two outer layers of the agreement process, work in the negotiation groups progressed fruitfully until about 2003. However, as of 2003, the technical work of the negotiation groups was disrupted by some of the participants, notably by the Venezuelan delegates; once Lula took office in 2003, and Brazil became the co-chair in the final stage of the negotiations, work ceased to progress. Once the second track stopped progressing, the FTAA negotiations lost the centripetal force that had driven the process forward despite the conflict that occurred within the first track of the negotiations. The disaggregation of the negotiation process was both expressed in and amplified by the ‘FTAA à la carte’ compromise that was prompted by Brazil at the 2003 Miami Ministerial Meeting, which did away with

the provision that the agreement be part of a ‘single-undertaking.’ This development effectively threw the negotiations into further disarray as the negotiation process no longer had the institutional mechanisms that had the capability of focusing the interests of the agreement’s different state actors into a single and comprehensive undertaking. In the end, there was no longer any impetus to drive the negotiations to a successful end as the hemisphere split into two camps: the American camp and the MERCOSUR camp.

Ultimately, what fissured the consensus pertaining to the FTAA and disrupted the progress that was being made within its negotiation groups was the insistence on the continued saliency of sovereignty by the states that made up the ‘MERCOSUR plus one’ block. The institutional design of the FTAA negotiations, detailed above, attempted to render unclear the continued relationship between national state apparatuses and their respective civil societies in regards to the items that were being negotiated. This obfuscation was premised on a neo-liberal ideology that seeks to separate economic concerns from potentially disruptive politicized decision-making structures, and that portrays the sphere of global governance as being situated beyond the reach of national civil societies. In effect, the design of the negotiations sought to conceal the dialectical link that exists between national civil societies and global governance structures by isolating national state institutions from their national civil societies on matters pertaining to the FTAA. The reassertion of sovereignty by states such as Venezuela and Brazil in relation to the FTAA, whether or not it was articulated in explicitly counter-hegemonic terms, laid bare the ideological premises of the negotiations and effectively re-politicized the process in a way that proved irremediable. The ideological consensus that existed within the FTAA’s negotiating groups was disrupted by the introduction of political discourses centered on the notion of national sovereignty, which put into question the neo-liberal ideological form, in terms of its institutional structure and the content of the negotiations. Gordon Maclead and Mark Goodwin argue in reference to the European Union (EU) that “in many circumstances…national states are seeking to retain or reassert some influence in global and
supraspace – often translated in the emotive discourses of ‘sovereignty’, but with material effect.”

The FTAA is an example of such a circumstance as the discourse of national sovereignty, articulated in different forms by Venezuela and Brazil, interrupted the ideological consensus that sustained the structure and content of the negotiations with material effect.

Finally, this dissertation argues that the evolving dynamics within the social formations in the hemisphere can be traced to developments within the FTAA negotiations. Specifically, this dissertation will demonstrate that it is possible to trace the variations in a particular state’s attitude towards the FTAA negotiations by examining developments within its social formation, as well as within particular ‘crystallizations’ of its state apparatus. State behaviour towards the FTAA during particular conjunctures can be understood by virtue of the developments within the hemisphere’s national social formations, which brings the connection between the actions of Venezuelan and Brazilian state actors in the negotiation groups into sharp relief. This process became particularly visible in 2003, expressed as crises of authority within their national social formations. The growing assertiveness of these states within the FTAA negotiations was complemented by social relations in the United States that hampered its state’s ability to successfully bring the negotiations to a successful end. Ultimately, it was the evolution of social relations within and between the hemisphere’s national social formations, as well as the ‘crystallizations’ of their respective national state apparatuses, conditioned by a structural organic crisis, that shaped the evolution of the FTAA negotiations. In other words, the crises of authority in the hemisphere rendered the ‘non-contemporaneity of the present’ more acute, and made the project of unifying the present into a hegemonic project through the FTAA more difficult.

It is significant that the United States’ negotiation of the FTAA was not conditioned by a crisis of

---

authority within its domestic social formation *per se*, but was hampered by ‘trade fatigue’ and growing opposition to trade liberalization engendered by the debate over NAFTA. This culminated in an absence of fast-track authority until 2002, and an unwillingness within certain fractions of the United States’ elite to consider reducing agricultural subsidies. Sectoral interests successfully mobilized within the United States Congress against further trade liberalization, and found advocates among both parties within Congress. These factors disadvantaged the United States throughout the negotiations, and were due to opposition to further trade liberalization within the United States Congress, which has jurisdiction over foreign trade. This hampered the efforts of other institutions within the American state that were much more willing to push through the FTAA, such as the Treasury in the early stages of the negotiations, and the White House through the Office of the United States Trade Representative (USTR).

In terms of Latin America, the organic crisis of authority was much more manifest, and the crisis of authority played more of a direct role in the manner in which both Venezuela and Brazil approached the FTAA negotiations. Overall, Venezuela’s attitude towards the negotiations was conditioned by its reliance on petroleum, and the collapse in the legitimacy of the political system which had been in place since 1958. The unravelling of the Punto Fijo political system in the wake of International Monetary Fund (IMF) sponsored austerity measures in 1989, and the weakness of foreign capital, opened the way to a radical alternative to neo-liberalism. Despite the lack of support for neo-liberalism among Venezuela’s significant social sectors, its attitude towards the FTAA in the early stages of the negotiations was characterized by constructive ambivalence. Venezuela’s president at the time, Rafael Caldera (1994-1999), as well as its civil society, showed little interest in the negotiations due to an ideological ambivalence towards further liberalization, and due to the fact that petroleum was not part of the negotiations. This gave Venezuela’s negotiating team relative autonomy in setting the state’s policy towards the FTAA. Its negotiation groups were engaged in a technically proficient and constructive
manner in the early stages of the negotiating process. This changed, however, in the wake of Hugo
Chavez Frias’ election in 1998, the event which would give course to a gradual radicalization of
Venezuela’s position towards the FTAA. Although the consequences of that event were not felt
immediately by Venezuela’s negotiating team, the growing realization by the Chavez government that the
FTAA was incongruent with its domestic and foreign policy goals, combined with the growing
radicalization of the regime due to events within its social formation, led to the formulation of an
explicitly antagonistic attitude towards the United States’ role in Latin America and neo-liberalism. This
radicalization was not limited to rhetorical flourishes, but actually culminated in a situation of
parrellelismo in which a Presidential Commission for the FTAA, close to the president and hostile to the
FTAA, replaced the official negotiating team. The Presidential Commission for the FTAA deliberately
sought to politicize the process, both within the agreement’s negotiation groups and outside them, and to
present an alternative conception of development to the one being presented by the FTAA. This was
matched by the decision to launch the ALBA as an alternative to the FTAA.

Brazil’s challenge to the FTAA was much less radical and direct than the one put forward by
Venezuela, but had greater ramifications as a result of its more important structural power in Latin
America. The Brazilian government’s more moderate response to the FTAA was due, in part, to the
continued structural strength of financial capital, domestic and foreign, in view of growing discontent
with the neo-liberal reforms that were implemented in Brazil throughout the 1990s. Notably, Lula, the
Partido dos Trabahaldores (PT) presidential candidate, was elected in 2002 as a result of the discontent
with Brazil’s major political parties and the neo-liberal reforms that had been implemented by them
throughout the previous decade. In terms of Brazil’s relationship with the FTAA, it cautiously embraced
the agreement in the beginning and displayed an attitude of careful engagement throughout the presidency
of Fernando Henrique Cardoso (1995-2002). It focused on augmenting its weight within the process by
pressuring changes to negotiation infrastructures, with a view to the United States’ structural power. The fact that the United States did not have fast-track authority rendered Brazil’s strategy effective. It additionally sought to augment its influence by continually invoking the importance Brazil accorded to other integration projects, such as MERCOSUR and the negotiations it was conducting with the European Union (EU). However, Brazil’s cautious engagement moved to a more aggressive stance during Cardoso’s last term and Lula’s first term of office. This change can be traced to the growing importance of agriculture following the 1999 exchange crisis. This importance became central to Brazil’s engagement with the multiple integration projects with which it was involved at the time. With Cardoso, this resulted in a more aggressive attitude in terms of promoting agricultural, mineral, and low value-added exports. This shift was concretized during Lula’s presidency as he reinforced the shift augured by Cardoso. Lula’s shift involved facilitating the integration of agricultural and industrial capital into financial capital’s hegemonic bloc, reinforcing Brazil’s more unequivocal attitude towards agricultural subsidies and anti-dumping measures through greater emphasis on South-South diplomacy and a series of domestic reforms. The crisis of authority in Brazil, and the adjustments that were prompted by it, impacted Brazil’s attitude towards the FTAA. This impact was characterized by a more hardened approach in the FTAA negotiations which effectively challenged the United States’ leadership in that forum, ultimately contributing to their failure. Nonetheless, it is important to note that Brazil continued to adhere to the general policy goals of the Washington Consensus in a way that respected the imperatives of financial capital, and never put in doubt whether the United States should play a role in Latin America. Instead, by promoting MERCOSUR and insisting that agricultural subsidies be addressed, as well as its sovereign right to rely on an economic model that was not entirely consistent with what was being proposed by the FTAA, Brazil sought to significantly modify the FTAA to its advantage rather than completely rupture its relationship with the United States within the hemisphere.
1.4 Methodology/Research Procedure

The breadth of this dissertation, which examines both developments at the level of the FTAA negotiations as well as developments within national social formations, required the use of several qualitative research techniques including interviews with government officials from the United States and Venezuela, and analysis of government documents from both states. Additionally, archival data and newspaper documents from a variety of sources were accessed. These sources were used as part of a qualitative strategy of narrative research, which framed the research project. Jonathan Creswell explains that narrative research focuses on the stories recounted by individuals and constitutes a type of methodology. A narrative, according to Creswell, can be “understood as a spoken or written text giving an account of an event/action or a series of events/actions.” However, narrative research does not consist of an unmediated replication of what is said in interviews. Donald Polkinghorne describes it as a process by which “happenings are drawn together and integrated into a temporally organized whole. The configurative process employs a thematic thread to lay out happenings as part of an unfolding movement that culminates in an outcome.” Further, the process of drawing together different “happenings” into a chronological series of events which culminates in a particular outcome requires synthesis and interpretation by the researcher. In order to be able to draw out interview material or “data”, Polkinghorne argues, the researcher must have a sense of the “parameters” of the particular issues and events to be investigated. Once the data is retrieved, the researcher can then give shape to a narrative that culminates in a particular occurrence, which, in relation to this dissertation, is the unraveling of the FTAA negotiations at the 2005 Mar del Plata Summit of the Americas.

27 Polkinghorne, “Narrative Configuration in Qualitative Analysis” 15-16.
1.4.1 Interview Methodology

The first component of this dissertation’s research strategy included field research in Venezuela with participants who were directly involved with the negotiation process, as well as knowledgeable sources such as academics who could provide insights into the negotiation process from different perspectives. The research strategy in relation to interview selection was chosen in order to garner as many interviews as possible with participants, involved directly with FTAA negotiations or not, from both sides of Venezuela’s political divide so as to be able to recreate a representative ‘narrative.’ Relying on interviews from a small, or ‘small-n’ sample size, renders inference precarious due to the bias of the interviewees. However, the point of the field research was not to establish a causal link between two variables, rather it was an attempt to construct a narrative from which one can understand what occurred. Bias in the interviewees’ interpretation of the events was an unavoidable factor, and one that was especially salient in relation to the interviews conducted in Venezuela due to the extremely polarized nature of its social formation. Conversely, the interviewees were quite open about their political biases, which pre-empted any temptation for this researcher to interpret what was being recounted as entirely constituting objective facts, and provided clear markers in terms of interpreting what was said. It is important to note that some interviewees are not quoted in this dissertation due to restrictions they imposed on the interviews, to which I agreed to for a variety of reasons, including the fact that some of them were still employed by their respective governments and the information divulged might create professional difficulties. Although these sources may not be directly quoted, they often offered interesting insights into what occurred and encouraged additional research.

The interview portion of this dissertation’s research began with obtaining approval from Queen’s

---

University’s General Research Ethics Board (GREB) on August 18, 2008. Once GREB approval was acquired, I began to contact members of Venezuela’s negotiating team via email addresses obtained from the FTAA’s official website. This approach proved to be fruitless as none of the negotiators listed on that website answered my communications. In view of this development, I then proceeded to obtain official affiliations from post-secondary institutions located in Caracas, Venezuela in order to be able to access networks located in these institutions. Affiliations were obtained from the Universidad Simon Bolivar (USB) and the Instituto de Estudios Superiores de Administración (IESA). I departed for Venezuela in early March 2009, and conducted field research until the end of April 2009. It was through a contact at the USB, Professor Makram Haluani, that I obtained my initial interviews. The first interview I conducted was with Eduardo Pocarelli, a member from the Ministerio de la Producción y el Comercio (MPC), the ministry officially responsible for negotiating the FTAA, who then proceeded to provide me with the contact information of other members of the MPC negotiating team. Professor Haluani also put me in touch with Professor Hector Maldonado Lira who provided me with contacts who were not directly involved with the FTAA negotiations, but who were able to provide salient commentary. Examples of these contacts included Juan Francisco Rojas Penso, the former Secretary General of the Asociación Latinoamericana de Integración (ALADI) (1999-2005); Pedro Luis Echeverria, the former Venezuelan ambassador to the United States (1994-1999); Telasco Pulgar, project chief with the Sistema Economico Latino Americano y del Caribe (SELA); and Luisa Romero Bermudez the former MPC minister (2001-2006).

I conducted a total of nine interviews that lasted between one to two hours each. The interviews took place in several settings, from office boardrooms to open air restaurants, decided on the basis of mutual accessibility between myself and the interviewees. Apart from the interviews conducted in

---

29 As per the guidelines set up by the General Research Ethics Board (GREB) at Queen’s, written permission was obtained from research participants to use quotations.
Venezuela, an interview was conducted with Karen Lezny, the Deputy Assistant United States Trade
Representative (USTR) between 1993 and 2010. Her contact information was obtained from the official
FTAA website and the interview took place at the Office of the USTR located in Washington, D.C.

1.4.2 Documentary Source Methodology

The second component of the research project included primary and secondary documents. The
most important source of primary documents came from the official FTAA website. In the wake of
criticism from civil society organizations that the FTAA was not transparent enough, the FTAA
Secretariat put many of its documents online. As a result of this action, an official version of the evolution
of the negotiations could be reconstructed. However, there are important limits to constructing a narrative
based on official documents as they are often the product of intense negotiation and, therefore, sometimes
contain attempts to conceal conflict and leave out points of disagreement as much as possible. Other
important sources of primary material were Eduardo Pocarelli, Carlos Masia Vieweg, and Daniel DeLeon
from the MPC negotiating team who provided me with official and unofficial documents from their
personal collections for use in my dissertation. Additionally, Judith Valencia, an academic with the
Universidad Central de Venezuela (UCV), who was directly involved with the radicalization of
Venezuela’s position towards the FTAA, also provided me with different types of documents from her
personal collection for use in my dissertation. These documents consisted primarily of speeches she gave
at different conferences and memoranda that were circulated by the Presidential Commission for the
FTAA, an institution she was directly involved in creating. Victor Alvarez, a vice minister at the MPC
and key member of the Presidential Commission for the FTAA, also provided official documentation via
internet correspondence. Finally, in addition to primary document sources obtained from the FTAA
website and contacts in Venezuela, documents were obtained from the Organization of American States
(OAS) archives in Washington, DC, as well as from the United States Library of Congress and the USTR
This research project includes a variety of peer-reviewed and non-peer-reviewed secondary sources. The non-peer-reviewed sources consist of newspaper articles from a variety of sources. These sources were used primarily in order to recreate the evolution of the FTAA negotiation process beyond what could be gathered from the primary sources that were consulted. They were not used as definitive sources to determine what occurred during particular events, but rather to gain a sense of what the major talking points and issues to be resolved were. These sources were also an important source of quotes for key players in the negotiation process. Peer-reviewed secondary sources were also a source of information for all of the dissertation chapters; however, they were particularly important for chapter 6 in terms of constructing the evolution of Brazil’s position throughout the negotiations. In sum, the use of secondary sources was employed to better contextualize the interview material, and the primary sources were used to organize all materials into a coherent narrative.

The discrepancy in terms of the types of sources utilized for the chapters pertaining to Venezuela and the chapter on Brazil is due in part to temporal, financial, and practical constraints. However, it was also due to the manner in which I became interested in the evolution of the negotiations. What originally piqued my interest about the FTAA were documents made available by the FTAA Secretariat which indicated that Venezuela began to take up a radical position towards the FTAA. These documents included memoranda submitted to the FTAA’s different negotiating groups that provided radical critiques of the basic ideological premises of the agreement, which contrasted with other documents made available by the FTAA Secretariat. Notably, these memoranda critiqued the idea that the most conducive route to economic development was liberalization, and sought to rehabilitate the role of the state in the development process. Upon arriving in Venezuela, I quickly discovered that these documents were the result of a drastic restructuring of the institutional apparatuses that had been put in place to negotiate the
FTAA, and that this restructuring was the result of important political and social changes that had been taking place in Venezuela since Chavez’s coming into power in 1999. The decision to devote a substantial chapter to the role played by Brazil in the evolution of the negotiations came in the wake of interviews with officials from Venezuela and the United States. The discrepancy that exists between these case studies, however, can be justified by the fact that Brazil’s foreign policy and attitude towards the FTAA has been the subject of much more research than Venezuela. Additionally, academic sources from Brazil in the area of foreign policy are more readily available to an international audience through electronic databases than academic sources from Venezuela, which do not have the same level of diffusion. In view of these factors, the discrepancy in research performed in relation to Venezuela in comparison to Brazil is justified regarding the argument about the FTAA negotiations presented in this dissertation.

1.5 Chapter Outline

Chapter 2 provides the dissertation’s theoretical framework. It begins with a review of Cox’s work on the application of Gramsci’s concepts to International Relations (IR). In so doing, it identifies the lacunae in some of the iterations of his work concerning the conjugation of various institutions and civil society actors into a transnational ‘nebuleuse.’ In order to address this problématique, the chapter then proceeds to review some of Gramsci’s basic concepts. To complement the review of concepts such as hegemony, organic crisis, civil and political society, and crisis of authority, it examines the temporal and spatial aspects of those concepts. Notably, it emphasizes the importance of contingency in Gramsci’s theoretical framework. This is done by examining Gramsci’s notion of the “non-contemporaneity of the present”, which helps to explain why “presents” need to be understood as an ensemble of disjunctive dynamics that hegemonic projects attempt to unify into a single one. Furthermore, in view of the multiplication of institutional scales, whether they be global or national, the chapter re-emphasizes the importance of civil and political society within Gramsci’s theoretical framework. In so doing, it argues
that international institutions, and/or global governance structures, need to be conceptualized as being part of political society in a way that understands it to be dialectically linked to the civil societies of national social formations. It is through their relationship with state actors, the chapter argues, that this dialectical relationship can become tangible. It argues that by conceptualizing global governance structures as being situated within political society, it becomes possible to understand how movements from below, rooted in the civil society in national social formations, can come to shape the content and shape of global governance structures. The chapter concludes with an examination of the relationship between civil society and state institutions by reviewing the neo-Marxist concept of the ‘relative autonomy’ of the state, and how it can help to conceptualize how social relations shape different institutional structures such as those associated with nation states and global governance.

Chapter 3 reconstructs the history of the FTAA with a focus on the negotiation process itself. The chapter’s primary argument is that the negotiations truly began to unravel once work stopped progressing within the FTAA’s different negotiation groups. A brief literature review indicates the importance of a dialectical framing of the FTAA negotiation process. The chapter proceeds to construct a brief introductory history of inter-American relations before proceeding with an analysis of the launching of the FTAA negotiations. This history begins with the end of the Cold War as an important conjuncture in inter-American relations, which prepared the ground for the launching of the FTAA. Specifically, it puts into context the emerging consensus concerning economic liberalization and liberal democracy in the hemisphere. It proceeds to an analysis of the establishment of the negotiation structure as a process headed by the United States, but also mediated by Brazil. It concludes with an examination of the agreement’s history with a focus on the Ministerial Meetings and Summit of the Americas that constituted the major events of the FTAA’s negotiation calendar. The analysis of these different events demonstrates that a shift did indeed take place during the negotiation process that went beyond a realization by
institutional actors that the economic asymmetries of the hemisphere were insurmountable. Finally, it will explain why 2003 constituted a turning point in the negotiations as a result of the lack of progress that would be made in the negotiation groups, the adoption of the ‘FTAA à la carte’ framework, and the coalescence of the ‘MERCOSUR plus one’ group.

Chapter 4 will examine the evolution of Venezuela’s position in the negotiations. It will argue that Venezuela’s negotiation representatives shifted to a position of radical opposition to the FTAA following Chavez’s election in 1998. The chapter begins, however, with a brief history of the country and its relationship with the rest of the hemisphere. It is demonstrated that a crisis of authority was brought forth and rendered visible as a result of neo-liberal reforms implemented in 1989 by its president at the time, Carlos Andres Perez. This chapter will make the case that these reforms had much more radical and immediate consequences in Venezuela, as compared to the rest of the Latin America, due to the specificities of its historical bloc. Notably, Venezuela’s reliance on petroleum revenue, and the wealth derived from it, meant that neo-liberal reforms did not find the support among elites that it had in other Latin American sectors. Therefore, when austerity reforms were implemented in 1989, a popular uprising emerged that completely de-legitimized the corporatist Punto Fijo system that shaped Venezuela’s social formation since 1958, and set the ground for the eventual election of Chavez and the inauguration of the Fifth Republic. The chapter will also trace how petroleum revenue gave the Chavez government the flexibility to criticize the United States and the resources to challenge opposition elements within the Venezuelan state. Subsequently, the chapter examines how these factors contributed to Venezuela’s adoption of a radical position towards the FTAA, and its proposition of an alternative to that agreement with the ALBA. It concludes by considering how the radicalization of Venezuela’s position towards the FTAA affected its evolution.

Chapter 5 deals with the same themes examined in chapter 4, but with a focus on the interview
material gathered through field research. The chapter periodizes Venezuela’s negotiation of the FTAA into three distinct phases, differentiated according to the degree of politicization that the interviewees expressed in relation to the FTAA. The first period, they explained, lasted from the initiation of the negotiations until the Quebec City Summit of the Americas in April 2001. It was characterized by a low level of politicization within both the Venezuelan state and civil society, which allowed the negotiating team to participate in a constructive manner. The second phase, which lasted until the Quito Ministerial Meeting in 2002, was marked by growing politicization of the FTAA within Venezuelan society despite the fact that the official rhetoric surrounding the agreement remained moderate. The negotiating team was nonetheless able to continue to participate in the negotiation groups in a constructive manner. Venezuela’s relationship with the FTAA became highly politicized during the final phase, which lasted until the Mar del Plata Summit of the Americas in 2005. Essentially, the interviewees explained that Venezuela no longer participated in the negotiations in a constructive manner and actively sought to undermine the principles that sustained the FTAA’s content. This development represented the final stage of the transformation of Venezuela’s position towards the FTAA negotiations.

Chapter 6 deals with Brazil’s role in the evolution of the negotiations. This chapter begins with a historical account of the relationship between Brazil and the United States, and explains how domestic economic imperatives forced Brazil to recalibrate this relationship in several instances. It then proceeds to explain how Brazil eventually came to display a more aggressive role towards the FTAA. This was a result of domestic economic imperatives, notably the need to stabilize its economy in the wake of the 1999 exchange crisis by reducing its dependency on Foreign Direct Investment (FDI) through a greater reliance on agricultural and low value-added industrial exports. This chapter examines how this shift took place without encumbering the interests of financial capital, and how the Brazilian government ensured financial capital’s leadership position within Brazil’s historical bloc. In order to frame this transformation,
this chapter begins with an analysis of Brazil’s cautious attitude towards the FTAA in the early years of the negotiations. Brazil displayed this attitude to obtain terms, in relation to the negotiation’s ‘rules of the game’, that would favour its interests. The chapter then proceeds with an analysis of the changes that took place following the 1999 exchange crisis. It continues with an analysis of how the growing crisis of authority within Brazil’s social formation was constrained by the continued resiliency of financial capital. In view of these developments, the chapter concludes with a description of how these constraints shifted Brazil’s attitude towards the FTAA, which was marked by a growing assertiveness in terms of addressing agricultural subsidies and anti-dumping measures.

The conclusion, Chapter 7, sums up this dissertation’s major empirical and theoretical contribution and ends by suggesting potential avenues for future research. These potential avenues include applying the theoretical framework utilized in this dissertation to other forums such as the Doha Round of the WTO, the Bolivarian Alliance for the Americas (ALBA), and the Unión de Naciones Suramericanas (UNASUR). This section concludes by suggesting that more research be done on the interrelationship between petroleum revenue in Venezuela and the ALBA.
Chapter 2. Gramsci, Hegemony, and Global Governance

Antonio Gramsci developed his concept of hegemony with a focus on national social formations and wrote very little, by comparison, on the international ramifications of the concept. Inspired by Gramsci’s work on hegemony, Robert Cox filled this lacuna by examining its relevancy for the study of world orders, and adapting it to the historical context in which he was writing. However, in Cox’s adaptation, important aspects of Gramsci’s theory were not given sufficient attention, to the detriment of his overall theory. Specifically, Gramsci’s approach to the dialectical relationship between political society and civil society has been neglected within Cox’s approach to International Political Economy (IPE). A consequence of the seeming inattention to that relationship has been that in some, though not all, iterations of Cox’s theory, hegemony is portrayed as being disseminated through these institutions as though they were one-way ‘transmission belts’ of hegemony. By applying the concept of hegemony in such a manner, this approach to Gramsci’s theory does not fully account for the possibility of counter-hegemony moving upwards into global governance structures. In view of this problématique, this chapter will demonstrate that it is important to re-emphasize the dialectical and contingent nature of

31 Matthew Hoffman and Alice Ba explain that global governance remains an imprecise term. For some authors, global governance structures constitute institutions established at an international level to deal with problems that cannot be effectively managed within national sovereign jurisdictions, while others understand them to be either formal or informal institutions or rules systems that govern or regulate the behaviour of agents in particular issue areas. Alice Ba and Matthew Hoffmann, “Introduction: Coherence and Contestation” Contending Perspectives on Global Governance: Coherence, Contestation and World Order, eds. Alice Ba and Matthew Hoffman (New York: Routledge, 2005) 4. In the least, international institutions in the sense given to them by Cox can be subsumed under the concept of global governance, although it is important to note that the latter is not reducible to the former. For the sake of remaining consistent with Cox’s work, the term international institutions will be used when Cox’s theory is directly being discussed, and must be understood as implying global governance. When Cox’s work is not directly being discussed the term global governance will be used, and also implies international institutions, so as to be able to directly intervene in the contemporary literature pertaining to that concept.
Gramsci’s understanding of hegemony, which opens up the possibility for challenges from below. This re-examination of Cox’s neo-Gramscian approach to international institutions will be done from within the neo-Gramscian theoretical tradition in IPE with recourse to some of Gramsci’s concepts that have received less attention in this school of thought. The broad Gramscian theoretical tradition, however, holds that politics and institutions are not directly determined by economic structures; this chapter will employ concepts elaborated by the neo-Marxist approach to the state in order to better frame the behaviour of both national state and global governance institutional actors within the FTAA negotiations. Notably, it will maintain that social relations, and the contradictions inherent to them, are “inscribed” within the materiality of the multiple and complex institutional apparatuses that characterize the current world order. It is precisely through this inscription, it will argue, that hegemony can be organized by formal and informal institutional apparatus, which, conversely, open them up to class struggle and counter-hegemonic movements.

In order to better account for the possibility of challenges from below in shaping global governance structures, it is necessary to examine the dialectical nature of hegemony in its connection

---

32 The use of the term dialectical in this dissertation does not refer to a deterministic relationship. Ian McKay explains that there has been an important tension between “structure” and “agency” within the Marxist tradition. This is derived, explains McKay, from the effort to approach the possibility of social transformation “on the most rigorous understanding of the massive network of relation that make us unfree so that our critique of those relations can be all the more effective.” Ian McKay, Rebels, Reds, Radicals: Rethinking Canada’s Left History (Toronto: Between the Lines, 2005) 16. In relation to this tension, as highlighted in the Gramscian tradition of Marxism, there is an excess in existing social structures that opens up the ‘possibility’ for transformation through meaningful political action. Specifically, Stephen Gill explains that within a Gramscian framework the dialectical aspect of relationships, such the one between structure and superstructure, are “historical: although social action is constrained by, and constituted within, prevailing social structures, those structures are transformed by agency (for example through collective action in what Gramsci called ‘the war of position’).” Stephen Gill, “Epistemology, Ontology, and the ‘Italian School’” Gramsci, Historical Materialism and International Relations ed. Stephen Gill (Cambridge: Cambridge University Press, 1993) 23.

33 In his discussion of national state apparatuses, which as we will see has ramifications for other institutional apparatuses as a result of his reference to the integrative “State”, Nicos Poulantzas explains that “The establishment of a State’s policy must be seen as the result of the class contradictions inscribed in the very structure of the State (the State as a relationship).” Nicos Poulantzas, State, Power, Socialism (London: Verso Books, 2000) 132.
between two sets of relationships. First, one must look to the relationship between civil society and the nation state, and secondly, to the relationship between nation states and global governance structures. As we will see, these two types of relationships are not equivalent, but constitute two sets of interrelated yet separate dialectical relationships arrayed across different scales or institutional levels. This chapter will set out a framework, based upon Peter Thomas’ re-examination of Gramsci’s work in *The Gramscian Moment: Philosophy, Hegemony, Marxism*, from which to understand these sets of relationships by examining the relationship between political and civil society. Specifically, it will argue that global governance structures and multilateral negotiations need to be approached not as supranational institutional ensembles with their own civil societies, but rather as an additional institutional element within political society that ‘enwraps’ both national state institutions and civil societies. Therefore, by virtue of their relationship with national state structures, global governance structures remain linked dialectically to civil society within national social formations. Additionally, social relations emanating from national civil societies should not be conceptualized as being present within the institutional frameworks of global governance in the same manner that they are within national state apparatuses, although there are interactions between both entities. Rather, civil societies need to be framed as being present in global governance structures through their interaction with state actors. In other words, although the social relations, particularly those emanating from the relations of production, that make up civil society are inherently inscribed, to varying degrees, within the materiality of global governance structures and vice versa, they nonetheless remain mediated by the institutional apparatuses of national states. Consequently, national social formations remain an essential location for articulating alternative political projects. This does not pre-empt the fact that national civil societies may simultaneously shape the evolution of global governance structures. In viewing global governance structures as situated within

---

34 Thomas, *The Gramscian Moment*. 

31
political society, although at a level removed from civil society in national social formations, it becomes possible to see them as being subjected to counter-hegemonic movements from below through their relationship with the institutions of nation states.

The possibility of counter-hegemony moving upward into the institutional frameworks of global governance is salient for understanding the evolution of the FTAA negotiations. The negotiation of the FTAA spanned a period of ten tumultuous years, during which there was a fundamental shift in the relationship between the United States and Latin America. This shift was not simply the result of the vagrancies of diplomacy nor was it simply the result of insurmountable differences due to structural inequalities among states in the hemisphere; rather it was the result of a wider ‘crisis of authority’ pertaining to the United States’ leadership in the Americas.

This chapter will suggest the conceptual tools required to examine how the seeming displacement of authority to institutional structures beyond nation states created a contradiction that undermined the “ethical-political” aspect of the FTAA. Specifically, that the ideological ‘form’ of global governance implied a displacement of authority away from the institutions of national states during the debt crises of the 1980s and 1990s, rendering them less able to represent themselves as universal actors within their social formations. The implementation of neo-liberal reforms in view of opposition from domestic social groups, as well as their continued implementation in the wake of their failure to produce their desired consequences, made it more difficult for domestic elites to legitimate such reforms on the grounds of ‘national interest.’ In the social formations of the Americas, notably in Venezuela and Brazil, this contradiction laid bare the interested nature of neo-liberal reforms in terms of class and empire, which contributed to the perception in those countries that the FTAA was an imperial imposition from the United States. It was not a coincidence, therefore, that the main discourse used to oppose the FTAA was
one of re-legitimizing the concept of national sovereignty and dignity.\textsuperscript{35} In other words, it was precisely when certain key civil societies in the Americas, through the intervention of their states’ apparatuses, insisted on the continued saliency of national sovereignty that the negotiations entered into an irremediable impasse during the final stage of the negotiations.

\textbf{2.1 The Limits of a Coxian Approach to Hegemony}

Robert Cox’s contribution to IR was his application of the concept of hegemony to international relations in a context where production was becoming increasingly “internationalised” through its integration on a “transnational scale,” and where the state was also being “internationalised” through policy harmonization surveilled by new governance structures.\textsuperscript{36} However, the manner in which Cox structures the relationship between transnational institutions and national state institutions in some iterations of his theory gives the impression that there are two sets of political and civil societies located distinctly in transnational and national spheres. This doubling of political and civil society obfuscates the underlying continued relationship between civil society, within national social formations, and global governance structures in terms of the wider relationship between civil and political society. As such, the concept of a singular global civil society, to match the growing transnationalization of production as well as the growing internationalization of the state, obscures more than it clarifies in terms of the dialectical relationship between political and civil society. In what follows, Cox’s central concepts will be reviewed

\textsuperscript{35} Cerny et al. explain that there are two basic interrelated elements that make up the definition of national sovereignty. The first element is endogenous and refers to the institution(s) that constitutes the highest authority within a particular state. Examples of such authority include monarchs or the people/nation in republican states. The second element is exogenous and is based on the mutual recognition of different sovereignties. Sovereignty as such has been increasingly constrained, argue the authors, by multiple factors including the appearance of multilateral agreements such as the WTO. Cerny et al., “Different Roads to Globalization” 4. In this sense, the reassertion of national sovereignty or dignity implies the re-affirmation of the decision-making capacity of national institutions, increasingly hobbled by supranational and sub-national institutions and actors that embody a popular sovereignty in republican states or a sense democratic accountability in constitutional monarchies.

in order to get a clearer picture of this analytical problem.

2.1.1 Hegemony and World Order

Cox does not give a direct definition of hegemony, but rather develops it in relation to other concepts such as world order. He explains that Gramsci’s notion of hegemony is “loose and elastic and attains precision only when brought into contact with a particular situation which helps to explain – a contact which also develops the meaning of the concept.”

Cox begins in “Gramsci, Hegemony and International Relations” by exploring the interrelationship between consent and coercion in his understanding of the concept of hegemony, which spans both “conventional categories” of state and civil society. He explains that power is like “a centaur: half man, half beast, a necessary combination of consent and coercion. To the extent that the consensual aspect of power is in the forefront, hegemony prevails.”

In view of the importance of the relationship between theory and history, Cox deploys the concept of hegemony in relation to world orders. For Cox, both the content of hegemony, as well as the institutional framework through which hegemony is disseminated and managed, varies according to different world orders. However, Cox clarifies, not all world orders are hegemonic, which means that one can differentiate periods of world history according to which ones are hegemonic and which ones are not.

Hegemonic world orders are founded by powerful states which portray their interest as being universally compatible with the interests of other states. In the contemporary world order, this universality is premised on the emergence of a global civil society founded on an expanding global mode of production. Specifically, inspired by what Gramsci actually wrote about international relations, Cox explains that such a mode of production “penetrates” other social formations and “subordinates” other

---

37 Cox, “Gramsci, Hegemony and International Relations” 50.
38 Cox, “Gramsci, Hegemony and International Relations” 52.
modes of production. Cox conceptualizes it as originating from a hegemonic national class into other social formations that have not gone through the same economic and political transformations. Consequently, they are able to emulate some of the economic aspects of the hegemonic order, but have more difficulty incorporating the political ones. Accordingly, hegemony is more consistent in the core and more subject to contradictions in the periphery.\textsuperscript{40}

As a result of the radically different historical context in which he was writing, Cox’s theoretical innovation vis-à-vis Gramsci was his emphasis on the role of international organizations in spreading hegemony. He explains that such institutions are founded by a hegemonic state, or at least have its support, and work to incorporate other states into the hegemonic order depending on their position in the hierarchy of the global capitalist order. Much in the same way state and civil society organizations within national social formations may diffuse certain ideological values and notions, international institutions propagate certain conceptions as to what is legitimate and acceptable in a way that is consistent with the interests of the hegemonic state. Just as with hegemony in national contexts, these institutions can be flexible, and can adapt to incorporate subordinate states into the hegemonic world order.\textsuperscript{41} According to Cox, the nature of the global capitalist economy under the United States’ hegemony necessitated new institutions at the international level through which it could manage its expansion. The incorporation of Gramsci’s concept of hegemony in the analysis of international institutions is a central idea of Cox’s work.\textsuperscript{42} However, this application of the concept of hegemony is not without its problems and over-emphasizes the stability of such institutions.

\textsuperscript{40} Cox, “Gramsci, Hegemony and International Relations” 61.
\textsuperscript{41} Cox, “Gramsci, Hegemony and International Relations” 61-63.
\textsuperscript{42} By exploring and analyzing the ramifications of Gramsci’s concepts for IR theory, one of Cox’s major contributions to that literature was his emphasis on the importance of world orders. Notably, the importance of world orders and their institutions for “the production and embedding of hegemonic ideas about state formation, human security, economy production and democratization in the South.” Sahle, World Orders, Development and Transformations 14.
In his approach to international institutions, Cox explains that they are not the equivalent of institutions at the national level. Consequently, he believes it to be unlikely that a war of position, found in Gramsci’s framework, could be waged against them by counter-hegemonic forces. Before proceeding with the analysis of this proposition, is useful to define the concept of counter-hegemony. Although Gramsci did not make reference to counter-hegemony, it is implied, to a certain extent, within his concept of war of position. Cox explains that a war of position “slowly builds up the strength of the social foundations of a new state.” The war of position takes place within civil society in a context where there is a prevailing hegemony that is opposed to the interests of the class employing such a strategy. Consequently, Cox argues that in a situation of bourgeois hegemony the working class needs to build counter-hegemony by “creating alternative situations and alternative intellectual resources.” These alternative institutions and intellectual resources contribute to the working class taking on a “leadership” position vis-à-vis other subordinate classes so as to be in a better position to take on dominant classes. Such a strategy, however, would not be possible vis-à-vis international institutions as they do not depend directly on any significant popular base in the developing world, in terms of requiring subordinated states for their legitimacy and policy implementation. International institutions, rather, are in Cox’s view, in contact with elites from subordinated states that are usually eventually co-opted by the institutions, and that ally themselves to dominant classes in developed countries. International institutions, therefore, act as “pillows” by co-opting would-be reformers or ideas from developing countries into the dominant world order, into a situation of trasformismo. Cox describes the Gramscian notion of trasformismo in the Third World as a situation in which transformations are introduced non-organically, as a passive revolution, where they can: “serve as a strategy of assimilating and domesticating potentially dangerous ideas by

43 Cox, “Gramsci, Hegemony and International Relations” 53.
44 Cox, “Gramsci, Hegemony and International Relations” 53.
45 Cox, “Gramsci, Hegemony and International Relations” 55.
adjusting them to the policies of the dominant coalition and can thereby obstruct the formation of class-
based organised opposition to the established social and political power.” Consequently, he argues that
popular social forces organize counter-hegemonic order at the national level to challenge the present
order. The emphasis on the organization of counter-hegemonic movements within national social
formations as the most effective strategy in challenging the world order is quite prescient. However,
Cox’s analysis stops short, as it does not proceed to examine how such successful mobilizations affect
national states, and how they may in turn impact international institutions.

By omitting how successful social mobilizations can influence both national states and
international institutions, Cox portrays international organizations as one-way ‘transmission belts’ of
hegemony that transmit values by co-opting domestic social constituencies, particularly in the Third
World. Such a formulation bypasses nation states, which are nonetheless the constituent members of these
institutions, and focuses instead on elites and ideas. To be fair, this conceptualization has been quite
accurate in describing changes in international institutions and their ability to integrate potentially de-
stabilizing ideas and movements. However, it does not entirely capture recent challenges to the world
order coming from developing countries. It has, in fact, become increasingly difficult to integrate and co-
opt elites from developing countries into the current order as a result of the general material failure of the
policies of the Washington Consensus. Moreover, governments in some developing states have been
elected to power through national popular movements. These countries have challenged the United
States within the superstructure of global governance structures, either by blocking the further expansion

46 Cox, “Gramsci, Hegemony and International Relations” 55.
47 It is important to note that support for neo-liberal reforms among Latin American elites was highly uneven and
specific to each social formation. For example, support for neo-liberal reforms among Venezuela’s economic elites
was markedly weak due to the centrality of petroleum revenue to its economic structure, and was restricted mostly to
certain sectors of its political elites. In Brazil, however, support for neo-liberal reforms was much stronger,
particularly among foreign capital and its financial sector. These tendencies are examined in further detail in
chapters 4 and 6.
of existing institutions, such as the initial failure of the Doha Rounds, or through limiting agreements, such as the failure of the FTAA. The alternative creation of new supranational institutions, that are not consistent with the interests and ideas promulgated by core countries, such as the ALBA, is another form of challenge to U.S. hegemony. This new assertiveness by developing countries, at least in Latin America, has made their incorporation more difficult and has resulted in a world order that can no longer be described as hegemonic, but one in which a crisis of authority has created an impasse for the expansion and consolidation of a world order based on the Washington Consensus. This new impasse has been heightened by the fact that the United States, as well as other countries, has not been willing to make the necessary concessions to adapt the hegemonic order, particularly in relation to anti-dumping measures and agricultural subsidies in forums such as the FTAA and the Doha Round of the WTO.

In view of these developments, it is important to re-examine other aspects of Cox’s theory, which analyze the very rootedness of these international institutions in the hegemonic projects of particular states. This iteration of his theory of hegemony clashes rather crudely with other theories which focus on the relationship between international institutions and states. As with political society at the level of the national social formation, Cox notes that international institutions are conceptualized as being abstracted or separate from particular national states and the civil societies in which they are rooted. This abstraction, according to Cox, serves to distance decision-making structures, in appearance, from particular national states and their civil societies in an effort to provide unity to them. In fact, global governance structures often try to portray themselves as instances of universality, striving to present themselves as instances of universality, striving to present

themselves either as neutral arbiters of inter-state conflict - the WTO dispute settlement mechanism, for example - or as neutral purveyors of what organizations such as the IMF would claim to be ‘international public goods’ to legitimize their policies. As Cox demonstrates, these international institutions were established during a period of uncontested American hegemony in the West. During this period, as well as during other hegemonic periods, hegemonic states, according to Cox, had to “[find] and protect a world order which was universal in conception, i.e., not an order in which one state directly exploit[ed] others but an order which most other states...could find consistent with their interests.”\textsuperscript{49} Furthermore, as with the consolidation of hegemony in national social formations: “The dominant state takes care to secure the acquiescence of other states according to a hierarchy of powers within the inter-state structure of hegemony.”\textsuperscript{50} He continues on to state that there is representation within international institutions in terms of different state interests which are either openly weighted in favour of the United States, as with the IMF and World Bank, or, where there is equal representation, there is “an informal structure of influence reflecting the different levels of real political and economic power which underlies the formal procedures for decision.”\textsuperscript{51} Therefore, just as in national social formations, a leading hegemonic state propelled by a hegemonic class is able to abstract decision-making into political society - which represents the juridical abstraction of decision-making specific to capitalist society - out of civil society in a way that tries to represent it, with its divisions, so that that it favours its interests. Cox’s understanding of the establishment of hegemony through international institutions by hegemonic states is useful when understanding a particular stable and unchanging world order. However, it is Cox’s attempt to situate civil society in relation to this process, where there is dynamic tension and change, that is problematic, and which creates a theoretical blind spot from which it is difficult to conceptualize how international

\textsuperscript{49} Cox, “Gramsci, Hegemony and International Relations” 61.
\textsuperscript{50} Cox, “Gramsci, Hegemony and International Relations” 63.
\textsuperscript{51} Cox, “Gramsci, Hegemony and International Relations” 63.
institutions can become subject to wider crises of authority.

2.1.2 Political and Civil Society in Cox’s Theoretical Framework

The world order, according to Cox, is not just constituted and sustained by states, but also by a civil society that is unhinged from national social formations as a result of changes in the structure of production. He explains:

Such an order would hardly be conceived in inter-state terms alone, for this would likely bring to the fore oppositions of state interests. It would most likely give prominence to opportunities for the forces of civil society to operate on the world scales (or on the scale of the sphere within which hegemony prevails). The hegemonic concept of world order is founded not only upon the regulation of inter-state conflict but also upon a globally-conceived civil society, ie., a mode of production of global extent which brings about links among social classes of the countries that accompany it.52

In the case of the current world order, the internationalization of production, Cox explains, has led to the creation of a global class structure, notably the creation of a global managerial class, which divides social formations along the lines of national and international fractions of capital.53 This idea of global civil society, however, co-exists with some difficulty with Cox’s notion, examined above, that hegemonic states forge their hegemony in their interactions with other states. It postulates that a global civil society, in addition to states that act on behalf of particular class fractions, contributes to the creation and maintenance of world order. In doing so, it gives the impression that global international institutions, as political society, are dialectically linked to a global civil society separate from national social formations as a result of the growing transnationalization of production.

Cox maintains that, in terms of acting as mechanisms with which to universalize the interests of a particular state, the elaboration of global governance institutions, as elements of hegemony, is done through “bargaining” between fragments of states all of which are clearly located within what can be

52 Cox, “Gramsci, Hegemony and International Relations” 63.
considered political society. For Cox, in the latest phase of the internationalization of the state since the 1970s, the state element of political society remains involved in this process, but is combined with certain actors such as multinational companies and think tanks. These would be better located within the civil society pole of Gramsci’s equation. As mentioned previously, these elements combine to constitute a “nebuleuse,” according to Cox, which by virtue of their relationship to the increased internationalization of production go beyond national social formations and impose demands upon them. These leading ministries, according to Cox, along with the “larger and more technologically advanced” sectors of business, came to form a “new axis of influence linked to international policy networks...”\(^{54}\) To a certain extent, the statal institutions involved within these processes seem to be abstracted from the rest of the statal institutional framework of the national social formations from which they originate. The problem with this conceptual framework is that it separates and obfuscates the actual unity, or even potential unity, which persists within national states in the context of the growing economic integration alluded to by Cox. Specifically, this national and statal unity can emerge in the context of growing global economic integration in terms of production and financial flows, between the civil societies of different national social formations, and a political society that includes both their respective state apparatuses and global governance structures.

In fact, it can be argued that the division between the global and the national is something that is quite consistent with the manner in which these institutions wish to present themselves, that it is an ideological construct rather than an actual structure of successful hegemony. The sense that there is a “global civil society” to keep global governance structures accountable serves to legitimate their decision-making structures. For example, the state actors, particularly the ones associated with the American state, sought to set up the institutional framework of the FTAA in a way that would involve particular national

\(^{54}\) Cox, “Social Forces, States and World Orders” 146.
civil society actors, but in a way that would isolate them from the rest of their national state institutional apparatuses and civil societies. This was accompanied by an effort to build up a corresponding ‘hemispheric’ civil society that would include actors who would be willing to cooperate and provide useful technical advice. On this point, André Drainville explains that international institutions as well as imperial states have attempted to “invent a functional, civil and perfectly a-political global subject that could serve as an ideal social companion to global neoliberalism.”

By presenting international institutions as actors separate from national social formations, Cox conceals the continued link between these seemingly removed institutional structures from civil societies within national social formations. In so doing, this approach conceals the manner in which crises of authority, rooted within national social formations, can have an impact and come to manifest themselves within global governance structures. By re-examining some of Gramsci’s central concepts, this study will set out: (a) how global governance structures need to be envisioned as situated in the same political society as national state apparatuses, and (b) in relation, how a crisis of authority within the civil society can appear within institutional structures located beyond national state apparatuses.

2.2 A Re-Examination of Gramsci

This section will re-examine Gramsci’s central ‘strategico-historical’ concepts in order to reframe the relationship between actors and institutions that operate on different levels in view of the problématique brought forth in Cox’s work in the previous section. Through the presentation of these concepts, this review will seek to situate the FTAA negotiations within the underlying context of developments in the economic structure of the hemisphere’s social formations. Notably, it will provide a framework from which to formulate how the organic crisis in the structure of capitalism in the Americas,

and the ensuing crisis of authority in the superstructures of the Americas, led to growing difficulty in negotiating the agreement. A conceptual framework is suggested that will help to explain how a crisis of authority, as the unraveling of a leading state’s hegemonic project, can open global governance structures to challenges from subordinate states. This will be done by elaborating a framework for understanding the relationship between political and civil society in a world that is increasingly multi-scalar.

2.2.1 A Definition of Hegemony

Gramsci describes hegemony as the ideological framework through which a ruling class gains the consent of other classes for its leadership at the level of the “superstructure.” In becoming hegemonic, a ruling class will exercise moral and intellectual leadership over other classes. Precisely, Gramsci explains that a class accedes to hegemony:

...when it becomes aware that one’s own corporate interests, in their present and future development, transcend the corporate limits of the purely economic class, and can and must become the interests of other subordinate groups too...bringing about not only a unison of economic and political aims, but also intellectual and moral unity, posing all the questions around which the struggle rages not on a corporate but on a ‘universal’ plane, and thus creating the hegemony of a fundamental social group over a series of subordinate groups.\(^{56}\)

Hegemony operates as an ideological mechanism of domination that allows a leading class or class fraction to rule through consent. Nonetheless, this consent is not obtained on an equal playing field between actors with equal resources, but is rather a means of domination within unequal power relations rooted in a particular social formation’s structure. A leading class does not become hegemonic simply by virtue of its ability to articulate a consensual, comprehensive, or perhaps even attractive ideological framework. Gramsci’s conception of hegemony remains decidedly materialist as he explains that there is an elemental economic-corporate base that sustains the ethical-political content.\(^{57}\) This is due to the fact

---


\(^{57}\) Within Gramsci’s conceptual framework, the distinction between the ethical-political and the economic-corporate can be understood in relation to the distinction between a ‘class-in-itself’ and a ‘class-for-itself.’ Gramsci explains
that although hegemony is organized at a political level in political society, it is based “on the decisive function exercised by the leading group in the decisive nucleus of economic activity.”\textsuperscript{58} It is precisely the “decisive nucleus of economic activity” that puts forth the unequal power relations which advantage a leading social class, which can then articulate the ethical-political aspect of hegemony.

The material element of hegemony implies a certain indeterminacy. Notably, hegemony is rooted in economic activity, but is not determined by it. A dominant class may be positioned materially to become hegemonic, but a hegemonic project must countenance political “conflict and confrontation” situated within a social formation’s civil society and political society. Once dominance is achieved, the project of hegemony, according to Gramsci, becomes a “continuous process of formation and superseding of unstable equilibria (on the juridical plane) between the interests of the fundamental group and those of the subordinated groups – equilibria in which the interests of the dominant group prevail, but only to a certain extent….”\textsuperscript{59} This means that the hegemony is never static and must continually be renewed to adjust to the fluidity of social relations. Hegemony, consequently, becomes traversed with contradictions as it expands over a social formation, and tries to incorporate allied classes as well as antagonistic ones.\textsuperscript{60}

---

\textsuperscript{58} Gramsci, \textit{Prison Notebooks} 161.
\textsuperscript{59} Gramsci, \textit{Prison Notebooks} 182.
\textsuperscript{60} Carnoy, \textit{The State and Political Theory} 70.
The maintenance of a historical bloc, therefore, requires continual ideological and political maneuvering on the part of a hegemonic class within a social formation. Further, the rootedness of hegemony in materiality is responsible in part for this fluidity by making it subject to shifts and crises located in a social formation’s structure, as well as imposing limits on its ability to extend and deepen its universality. Gramsci explains that the “complex, contradictory and discordant ensemble of the superstructure is the reflection of the ensemble of the social relations of production.” Hence, one cannot understand a conjuncture within the superstructure without reference to a historical bloc’s economic structure. Gramsci explains that this relationship may trouble the process, because the “fact of hegemony presupposes that account be taken of the interests and the tendencies of the groups over which hegemony is exercised... in other words, that the leading group should make sacrifices of an economic-corporate kind.” Such developments can make it more difficult for a leading class to make the concessions necessary to achieve a certain “compromise equilibrium”, and may lay bare the “corporate” reality of hegemony. Thus, economic downturns will impact the ability of a hegemonic class to make the material sacrifices that are necessary to sustain “ethical-political” leadership. The element of indeterminacy in hegemony means that there is always the potential for counter-hegemonic movements within the interstices of a historical bloc, caused by the contradictions that crisscross structure and superstructure. Significantly, the importance and size of these interstices vary according to particular conjunctures.

2.2.2 Consent and Coercion

Hegemony may be ethical-political, but it should nevertheless not be counter-posed to coercion as an “antinomian relation” that necessarily occurs in moments and locations different than consent. Thomas

---

61 Gramsci, Prison Notebooks 366.
62 Gramsci, Prison Notebooks 366.
63 Gramsci, Prison Notebooks 161.
explains that the relationship between consent and coercion can only be understood as a “dialectical one.” Here, one must again distinguish between the different temporalities of hegemony as it may manifest itself before and after a class assumes government.⁶⁴ Preceding the assumption of power, a leading class will direct allied classes through consent while dominating rival classes through coercive means. This relationship becomes more complex once a class becomes hegemonic, as coercion and consent come to constitute two poles of a single unity. For example, Gramsci explains that “the normal exercise of hegemony on the now classical terrain of parliamentary regime is characterized by a combination of force and consent, which counterbalance each other….⁶⁵ In such a situation, consent must appear to predominate over force, yet force remains the ultimate guarantee of consent.⁶⁶ Coercion is usually applied in extraordinary circumstances in which the consensual element of hegemony is lagging and order needs to be re-established. Therefore, although coercion and consent are sometimes deployed in different moments, they are implicit within one another in practice and cannot be understood without reference to one another.

2.2.3 The Temporality of Hegemony

Temporality is an important element of Gramsci’s theoretical framework as it is through his understanding of time that his concepts take on a dynamic character. Notably, hegemony is conceived as a “moment”, which must be put into its proper historical context. Gramsci’s analysis of history is grounded in an “absolute historicism,” which he describes as the “absolute secularisation and earthliness of thought,

---

⁶⁴ Thomas explains that, for Gramci, there are two temporalities to hegemony. The first is a “precondition” for a future position of dominance before it enters the states, and the second occurs when this dominance is achieved and needs to be maintained. The Gramscian Moment 163.

⁶⁵ Gramsci, Prison Notebooks 80f.

⁶⁶ Thomas, The Gramscian Moment 138f.
and absolute humanism of history." Methodologically, temporality plays a role in contextualizing events according to different levels of analysis in relation to his conceptual categories. Specifically, temporality plays an important role in framing the different conjunctures or “durations” of class relations with a focus on the superstructure in the history of social formations. Consequently, as Cox points out, it is in relation to historical moments that the concept of hegemony takes on its full meaning.

In terms of Gramsci’s methodological temporality, he explains that a common error in “historico-political” analysis is an inability to establish the proper relationship between what he calls “organic movements” and “conjunctural movements.” He describes organic movements as being relatively permanent and situated at a structural economic level. Additionally, organic structural crises do not imply particular political outcomes and, therefore, can go on for decades before they are resolved. Conversely, Gramsci explains that conjunctural movements appear as “occasional, immediate, almost accidental” phenomena within the superstructure which both puncture the rhythm of the underlying organic movements and, in turn, are punctuated by them. Specifically, they refer to the “day-to-day” politics of governments and political leaders. Accordingly, it is during these moments that forces of opposition and preservation within a historical bloc confront each other in a period of structural crisis at the level of organic movements. Conjunctural moments, therefore, are particularly salient when considering periods of hegemony characterized as crises. It is important to keep in mind these two very different historical rhythms when analyzing historical events, to allow historical and structural ramifications to be considered in specific proportions to wider structures and processes of power.

Gramsci’s analytical temporality envisions different historical periods in terms of the state of

---

69 Gramsci, Prison Notebooks 177-178.
70 Gramsci, Prison Notebooks 177.
71 Gramsci, Prison Notebooks 177-178.
class relations within social relations, using his concepts of “historical duration” and “historical epoch.”  

A historical duration is the “normal phase” of a period during which the “historical form” of a historical bloc is reproduced consistently and reaches a relative stability. Alberto Grugio explains that, for Gramsci, the historical epoch “arrives to fill up the empty space of the duration with an event (an ensemble of events) which modifies the rhythm, the intensity, the meaning itself of a historical movement, imparting to it an acceleration and determining its progress (or, at least, a leap in quality).” Therefore, within the ever-evolving dynamics of a particular social formation, the historical epoch marks a period where there is a probability of transition from one historical bloc to another. Nonetheless, important factors during such crises, such as the resources, tactics, and the consciousness of agents that operate within such a period of acceleration, can be pivotal. For the purpose of this dissertation, a historical epoch is defined as a moment during which agents can impact the deep structure of a historical bloc.

2.2.4 The Spatiality of Hegemony

The temporal element reviewed above also has an important spatial element, as it becomes clear in Gramsci’s writing on the “non-contemporaneity of the present, or the non-identity of the present.” Indeed, Bob Jessop explains that “Gramsci was not only sensitive to the historical specificity of all social relations…but also to their specific location in place, space and scale. Indeed, these two are clearly interconnected in any ensemble of social relations.” In order to illustrate this temporal disjuncture, Gramsci utilizes language as an analogy to understand the fractured nature of the present in terms of the “ideological content” of words. Gramsci argues that words, with their specific “ideological content,” often

---

72 Gramsci, Prison Notebooks 177-178.
74 Thomas, The Gramscian Moment 282.
co-exist with other words from different historical periods or “civilizations.”

Thomas explains that, for Gramsci, “dialects and national languages confront each other not in hierarchical relations of degeneration or purity but rather of indices of historical development, ultimately linked to conditions of subalternity or hegemonic direction that shape the communities of their practitioners.”

What is important to note is that these different historical tempos constitute the present, and are fractured spatially within social formations—between town and country, for example—and, at the international level, between different social formations. Importantly, these different presents are shaped by particular class projects both within and between social formations. Hegemony, as a class project, represents an attempt to unify the spatially fractured ‘presents’ into a single contemporaneous whole.

Conceptually, the disjunction of the present, explains Jessop, essentially constitutes an early formulation of the notion of scale, which can be understood as a “nested hierarchy of different spaces of different sizes,” with his focus on the “coordination and subordination” of different spaces with their attendant social relations.

The spatial element in Gramsci’s theory provides a framework from which to understand institutional spaces as being constituted and shaped by social relations that do not begin and end at their boundaries. Hence, social relations within particular social formations cannot be understood without reference to the social relations of other social formations.

Within such a theoretical framework, the state does not simply constitute a container of social relations, with an inside and an outside, but also a transmitter and receiver of social relations. The boundaries of social formations are therefore the result of class projects that attempt to render particular

---

79 Jessop, “Gramsci as a Spatial Theorist” 426.
spaces contemporaneous, rather than something that can be assumed a priori.\textsuperscript{80} Accordingly, Jessop explains that, according to Gramsci:

\begin{quote}
...international order should not be studied in terms of the mechanical interaction among formally sovereign nation-states but as a concrete, emergent international order, based on an informal hierarchy of states and other international forces (such as Catholicism) that were characterised by complex and tangled internal and external relations.\textsuperscript{81}
\end{quote}

It is through these tangled internal and external relations that the present can be rendered contemporaneous through hegemonic class projects within and between national states. Consequently, global governance structures can be understood as contemporary mechanisms through which to homogenize space and time.

In view of the tension between difference and sameness implied within Gramsci’s concept of hegemony, one can begin to situate the FTAA as a broad hegemonic project, designed to unify the ‘present,’ or to make the ‘present’ contemporaneous throughout the Americas. Further, Gramsci’s theory provides the conceptual tools to understand how the ‘present’ within different social formations came to shape the evolution of the FTAA negotiations, which involved institutions that were affected by different historical rhythms set within asymmetrical power relations. In the social formations of the Americas, the implementation of neo-liberal policies, as a reaction to a deeper organic crisis of capital, prompted reaction within the different superstructures of the hemisphere at multiple moments, and in very different ways, due to their very historical ‘presents.’ This ‘non-contemporaneity’ provides a conceptual frame from which to approach the particularities of the evolution of the negotiations in terms of the many reversals of positions throughout the negotiations, and the eventual formation of a counter-hegemonic bloc of countries that opposed it.

\textsuperscript{80} Jessop, “Gramsci as a Spatial Theorist” 425.
\textsuperscript{81} Jessop, “Gramsci as a Spatial Theorist” 427.
2.2.5 “Crisis” in Gramsci’s Analytical Framework

Now that the temporal and spatial elements of Gramsci’s analytical framework have been established, it is possible to broach the multi-layered concept of crisis. As delineated in the above section on the temporality of hegemony, events can be understood in terms of conjunctural and organic movements. Organic movements operate at a deeper level, as they are situated within a particular social formation’s economic structure. Accordingly, Thomas explains that Gramsci defines an “organic crisis” as one that affects the “entire social formation, both its economic ‘content’ and its political ‘form’.”\textsuperscript{82} This crisis is a moment in which the entire edifice of hegemony of a given class can no longer be represented as ‘universal’, but is revealed to be partial. It is a moment, according to Gramsci, of “passive revolution”, during which a dominant class loses its revolutionary impetus and finds it increasingly difficult to absorb other classes into its project, yet at the same time prevents other classes from taking the initiative.\textsuperscript{83}

Gramsci explains that crises of authority occur within a social formation’s superstructure as conjunctural manifestations of organic crises. Specifically, such moments occur when traditional parties are no longer recognized by the social class that they purport to represent. The disjuncture between representative and represented can have important repercussions in the structure of the historical bloc. Crises of authority, explains Gramsci, differ in process, but are similar in content, as they all represent a “crisis of hegemony” of a ruling class.\textsuperscript{84} It is a moment in which the cohesive element of the dominant political-ethical project of a ruling class no longer holds the different class fractions of a historical bloc together. In relation to the unraveling of the relationship between different classes, it is also a moment during which the organizations that are in place to channel the demands of their respective class fractions can no longer do so. Therefore, according to Gramsci, a crisis of authority occurs: “If the ruling class has

\begin{thebibliography}{99}
\bibitem{82} Thomas, The Gramscian Moment 146.
\bibitem{83} Thomas, The Gramscian Moment 146-147.
\bibitem{84} Gramsci, Prison Notebooks 210.
\end{thebibliography}
lost its consensus, i.e. is no longer ‘leading’ but only ‘dominant’, exercising coercive force alone, this means precisely that the great masses have become detached from their traditional ideologies, and no longer believe what they used to believe, etc.”

Such a situation can occur, for example, when the “ruling class has failed in some major political undertaking for which it has requested, or forcibly extracted, the consent of the broad masses...or because huge masses...have passed suddenly from a state of political passivity to a certain activity.” Such a conjuncture opens the political field to ‘unknown forces’ that have the potential to bring about radical transformations by putting forth, for example, counter-hegemonic projects.

The opening of the political field to ‘unknown forces’, however, does not pre-determine any particular outcome. When a crisis of authority does arise, social forces vary in their organizational capacity and resources, which impacts their ability to take advantage of the conjuncture politically. The ability to take the situation in hand is shaped by the level of preparation of each group in terms of their overall strategy and the quality of its “leading personnel.”

Ruling classes, with their “trained cadres”, usually have the capacity to rearticulate their program in such a way that they regain control of the situation. This may be accomplished by making concessions of one sort or another, which, according to Gramsci, may expose ruling classes to greater contestation in the future. In other words, the re-articulation of their program may entail a diminishment of the ethical-political, as well as the economic-corporate, content of its leadership. In view of the latent advantages possessed by ruling classes, crises of authority nevertheless create a political moment in which political strategy and organizational capacity from below can deal significant blows to their leadership. In the end, hegemony is either re-articulated,

---

85 Gramsci, Prison Notebooks 275-276.
87 Gramsci, Prison Notebooks 217.
88 Gramsci, Prison Notebooks 210-211.
usually to the detriment of its long-term stability. However, a counter-hegemonic bloc may emerge as victorious, or there may be a stalemate between different forces in which no group can emerge as hegemonic.\footnote{Gramsci, Prison Notebooks 211.} The two case studies examined in this dissertation provide examples of each of these alternate outcomes: the crisis of authority in Venezuela gave rise to a successful counter-hegemonic movement, while hegemony was re-articulated in favour of a newly constituted dominant class in Brazil.

The specific manifestations and outcomes of crises of authority, one can surmise from Gramsci’s theory, are firmly rooted in the context of national social formations in view of specific historical conjunctures. However, what can be taken away from Gramsci’s theory is that if there is an opening up of the political terrain due to a crisis of legitimacy, there is the potential for subordinate classes to put forth a counter-hegemonic project.

Given the structure of political society in the contemporary context, it is conceivable that the ramifications of a crisis of authority rooted in national social formations may permeate the institutional framework of global governance. This framework allows us to conceive of moments during which subordinate states may challenge the leadership of a dominant or hegemonic state in the institutional sphere of political society. It is a moment when a dominant state is no longer able to dictate the terms of inter-state interactions, as its hegemonic project can no longer integrate allied and subordinated states under its leadership, as a result of the loss of legitimacy of its hegemonic project. This loss of legitimacy can result in the revealing of underlying asymmetrical economic relations between states. This revelation can lead to changes in the relationship between states that can, in turn, be detrimental to the possibility of rebuilding a hegemonic project.
2.2.6 The State: Political Society + Civil Society

The concepts of hegemony and the crisis of authority need to be complemented by the concepts of political society and civil society within Gramsci’s theory. Establishing a clear relationship between these entities will be useful in understanding how political society, which encompasses the state apparatus, can become the point of struggle and contestation referred to above. As such, the unity of civil society and political society is worth re-emphasizing in view of the growing importance of global governance apparatuses that are sometimes portrayed as being divorced from civil society in national social formations. This section will demonstrate, theoretically, how these institutions, although not directly rooted in particular social formations, are nonetheless privy to them through their interaction with national state apparatuses.

There has been controversy as to the proper repartition of coercion and hegemony within the spheres of the state and civil society within Gramsci’s work. An accurate reading, according to Thomas, conceptualizes the “State”, or the integrative state, as constituting a “dialectical unity” of civil society and political society, rather than understanding it as a relationship of “fusion” or of differentiated locations. As a result of this dialectical unity, one can only fully conceive of each entity in relation to each other. Accordingly, Thomas explains that one needs to get away from “tectonic metaphors” when examining the relationship between civil society and political society, or economic structure and superstructure. Rather, 

---

90 Peter Thomas’ primary target is Perry Anderson’s typology of Gramsci’s vision of the relationship between political and civil society, which can be understood as being constituted in three ways. Anderson delineates it as such: (a) that coercion is located within the region of the state and that hegemony is organized within civil society, (b) that elements of coercion and hegemony are situated in both regions, but accordingly take on different forms, and (c) that hegemony melds into both as the state and civil society become co-extensive. As Thomas explains, Anderson was critical of the third variation as he perceived it to eliminate important conceptual categories and approximated Louis Althusser’s totalizing notion of the Ideological State Structure (ISA). The ISA did not provide the conceptual tool to understand the distinction between the very different relationships between state and civil society which can be observed throughout history. However, it is precisely this formulation that Thomas posits as the most accurate rendering of what Gramsci meant by it himself. However, as Thomas points out, Anderson’s understanding of the terms conflates the concepts of political society with that of the “State.” Thomas, The Gramscian Moment 68.
explains Thomas, Gramsci sees elements of the superstructure, wherein political and civil societies are located, as not only being constituted by legal and political “forms”, but also different ideological “forms” through which human beings understand the social reality in which they live. The dialectical relationship between the economic base and the superstructure, referred to previously, implies that the different “forms”, including ideological ones, are rife with contradictions and are contingent. Consequently, civil society and political society are not fixed levels set in a hierarchical manner within the superstructure in relation to a social formation’s economic structure; rather, they constitute “two major superstructural levels” set within a dialectical unity. The fact that they do not simply constitute legal and political “forms”, but also ideological ones, distances both entities from metaphors that would seek to establish their meaning and relationship through a sort of institutional flow chart. This is due to the fact that, in Gramsci’s framework, the distinction between both entities is also ideological.

In order to apprehend the nature of political society and the state, in relation to civil society, Gramsci posits that political society is a modern form characteristic of the capitalist mode of production. Thomas explains that, for Gramci: “The history of political society hitherto...has consisted in its conscious separation from civil society, as the speculative juridical resolution of civil society’s contradictions.” Governance and decision-making mechanisms are abstracted from civil society into this level. As such, political society serves as a “container” for civil society, which is itself divided between competing social classes. Therefore, by “enwrapping” civil society, political society tries to give it shape and a semblance of unity. Within this formulation, the “state apparatus”, in its legal and political form, represents concrete “moments of universality” of political society, and disseminates the interests of the bourgeoisie as they try to unify the divisions of civil society. Therefore, this abstraction gives rise to

---

92 Thomas, The Gramscian Moment 190.
concrete political and legal forms, such as state institutions, but it is also an ideological process in terms of legitimizing the abstraction of decision-making out of civil society and presenting it as being in the “universal” interest of a divided civil society. Nevertheless, Thomas explains that political society exceeds the “state apparatus” that attempts to organize it, just as “civil society exceeds the political society that attempts to impose meaning upon it.”93 This excess means that both political society and civil society are never locked into equilibrium with one another, nor are they mechanistic reflections of one another. Instead, political society is a “mediated reflection” of civil society; civil society gives political society its content in terms of what classes need to be united, and what issues need to be resolved. In return, political society tries to shape and subordinate civil society according to the interests of a particular class.94 This dialectical relationship means that hegemony traverses both civil and political society as it represents an attempt to “organize” and “condense” social forces located in civil society into “political power.” Consequently, any attempt to organize hegemony in civil society will always have implications for political society.95 For Gramsci, one cannot separate political society from civil society as one always implies the other, and as political society is always striving to advantage the interests of one class or another located in civil society.

Thomas’s re-emphasis on the dialectical unity of political society with civil society finds its merit in terms of the aims of this dissertation. This is not because such a reading is more accurate or orthodox in its interpretation of Gramsci, but because it provides a useful conceptual tool in understanding the role of political society, which may include explicit state apparatuses as well as other governance mechanisms, in relation to civil society. To be more specific, there is never an absolutely clear autonomy of political institutions from civil society, but always an evolving dialectical relationship. Additionally, emphasis on

the importance of the ideological component of the distinction between civil society and political society provides a conceptual framework from which to begin to question the autonomy and universality of institutional apparatuses of all kinds, not least those at the international level. Such a framework predisposes us to question representations of governance structures as “floating in mid-air”, or as being purely autonomous social relations, whether they are ensconced within the nation-state or situated in seemingly transnational spheres.\textsuperscript{96} Furthermore, it emphasizes the fact that developments and mobilization within civil society in national social formations inherently impact political society and its attendant institutions.

\subsection*{2.2.7 Gramsci and International Relations}

As mentioned previously, although Gramsci’s formulation of hegemony was conceived as being operational within the confines of national social formations, he did briefly address the international ramifications of his theory. Dynamics in the superstructure of national states, according to Gramsci, brought about by transformations in the world order, could be traced back to social relations emanating from it. Specifically, Gramsci explains that: “Any organic innovation in the social structure, through its technical-military expressions, modifies organically absolute and relative relations in the international field too.”\textsuperscript{97} Reciprocally, these dynamics projected out of the social structure of a particular social formation can “react both passively and actively on political relations (of hegemony among the parties).”\textsuperscript{98} This transfer across social formations is mediated through power relations as the social

\textsuperscript{96} In her work on global governance, Susanne Soederberg critiques representations of global governance structures that portray them as floating in “mid-air” vis-à-vis states and social relations. Instead of being neutral arbiters that mediate between different actors, Soederberg insists that global governance structures are “integral moments” of the power relations of the inter-state system. Susanne Soederberg, \textit{Global Governance in Question: Empire, Class, and the New Common Sense in Managing North-South Relations} (Ann Arbor, MI : Pluto Press) 33.

\textsuperscript{97} Gramsci, \textit{Prison Notebooks} 176.

\textsuperscript{98} Gramsci, \textit{Prison Notebooks} 176.
structure of weaker states become “dominated and intertwined” to those of more powerful states. Within this mediation, the ideas and ideological currents, developed by hegemonic classes in more economically advanced states, expand into other social formations and become a factor in the social relations of other states. Therefore, Gramsci, long before the advent of globalization in the latter half of the 20th century, did not conceive of social relations as being entirely enclosed within national social formations, but as being intertwined through the mediation of asymmetrical power relations largely determined by powerful and hegemonic states.

This framework envisioned a complex dialectical relationship between a core of advanced capitalist social formations and peripheral social formations. This is not to suggest that hegemonic classes that are international in their vocations become de-natured from their national context. Instead, Gramsci can be read to have considered their impact in relation to classes that might be national and even subnational. Therefore, paradoxically, one needs to consider the “national aspect” in relation to the “international perspective” and vice versa. Nevertheless, it is clear that Gramsci emphasized that although hegemonic classes may come to be entangled in multiple social formations, creating relations of asymmetry, hegemony can only be conjugated at the level of the national social formation.

This relational interpenetration implies structural constraints on the foreign policy of states. The imbrication of the state in webs of social relations that are grounded both within and beyond their social relations had, for Gramsci, important implied ramifications for the content of a state’s foreign policy. As with the rest of the state apparatus, a state’s foreign policy is very much grounded dialectically with civil society, which, as shown above, is dialectically linked to other social formations. Therefore, the articulation of the foreign policy of states is also dependent on its positionality vis-à-vis other social relations, as some social formations are more subject to the “international field” as they are more sensitive

to developments at that level than others.\textsuperscript{100} For example, Gramsci thought it necessary to distinguish between “...great powers, with relative international autonomy, and other powers; also, between different forms of government (a government like that of Napoleon III had two policies, apparently-reactionary internally, and liberal abroad).”\textsuperscript{101} Although articulated at a very abstract level, this approach provides a useful starting point from which to approach the articulation of foreign policy from a historical materialist approach. Specifically, it points to the need to look at the development of foreign policy in terms of the dialectical relationship between social relations, some of which originate from hegemonic forces from abroad, within national social formations. This goes beyond viewing foreign policy as the result of a ‘two-level game’, which conceptualizes foreign policy as the result of the state’s mediation between imperatives put forth by domestic constituencies and other national governments.\textsuperscript{102} Rather, by focusing on dynamic social relations that are both domestic and foreign, this approach moves beyond a framework that is ahistorical and rationalist, and allows us to analyze state behaviour in a historical context.\textsuperscript{103}

\textbf{2.2.8 Political Society and Global Governance}

\textsuperscript{100} Gramsci, \textit{Prison Notebooks} 176.
\textsuperscript{101} Gramsci, \textit{Prison Notebooks} 264.
\textsuperscript{102} For more on the ‘two-level game’ approach to foreign policy, see Robert Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games" \textit{International Organization} 42.3 (1988).
To return to Cox’s analysis of international institutions, it was quite prescient in terms of identifying that although international institutions tend to portray a certain universality, they are nonetheless negotiated and maintained by particular national states. Despite the fact that national state apparatuses may be grounded and dialectically linked to a matrix of social relations, these state institutions nonetheless have relative autonomy from civil society and are ensconced within a hierarchical web of state institutions. That being said, one should not insist that this autonomy implies that state institutions have an objective concept of a ‘national interest’ that unites them all. The structural interpenetration of different social formations by hegemonic fractions of capital implies that national state institutions may hold views that are more consistent with the exigencies of a hegemonic world order than any notion of ‘national interest.’ Nevertheless, such state institutions remain within their national state social formations and are potentially subject to changes within it in terms of the dialectical union of political and civil society. In as much as these state institutions remain within the ambit of national state formations, it is important to insist that they be understood in terms of the dialectical relationship between political and civil society. Their seeming abstraction from their respective social formations is consistent with their role as ‘moments of universality’ in view of divided civil societies; their potentially conflictive relationship with other state institutions is, however, consistent with Gramsci’s idea that political society is the ‘condensation’ of social forces within civil society.

In terms of the global governance structures themselves, which sometimes consist of actual institutions, it is necessary to insist on their character as political entities actually forged and sustained by the state institutions of national social formations. It is therefore conceptually fruitful to think of them as an additional layer of political society dialectically related to the multiple political societies which
participate within them, rather than a separate global political society with its own civil society.\textsuperscript{104} For example, as Erik Swyngedouw explains, global governance structures are inherently authoritarian as they were elaborated as part of a process carried through by particular national states to move decision-making structures, discursively and in some cases in practice, away from centers of democratic accountability within the nation state.\textsuperscript{105} Global governance structures, thus, can be conceptualized as constituting an added membrane of political society in and around the state apparatuses of national social formations that are at once removed from direct contact with civil society in national social formations, yet dialectically linked to them. Their seeming distinctiveness and autonomy from national states is part of the ideological form of global governance structures, much in the same way that the ideological forms of nation states are seemingly autonomous from civil society so as to better shape and organize it in view of its class divisions. In other words, global governance structures represent an additional element within political society that enwraps the civil societies of national social formations by enwrapping national state apparatuses.\textsuperscript{106} To put it into Coxian terms, global governance structures are the result of dominant and sometimes hegemonic states, and the dominant classes therein, trying to universalize their interests in view of divided civil societies in different social formations. This means that this additional element within political society, despite its appearance of transnationality, continues to be dialectically linked to the different national civil societies, due to relationships with the inter-state system. However, diverging

\textsuperscript{104} It is important to note that the EU represents somewhat of an exception to the analysis that follows as some of its institutions, such as the European Parliament, are directly related to the civil societies of the continent. Furthermore, the European Commission is nominally autonomous from member states and is composed of functionaries that are responsible for promoting the interests of EU. However, there are a whole host of other institutions, such the Council of Ministers, that are directly responsible to the member states, which in fact mediate the autonomy of the EU’s institutions and its ability to directly shape the civil society of the hemisphere. The degree to which the EU represents an autonomous entity able to directly engage the civil society of the hemisphere is very much still open to debate. Elizabeth Bomberg and Alexander Stubb, The European Union - How Does it Work? Oxford: Oxford University Press, 2003): 11.


\textsuperscript{106} For more on the relationship between civil and political society, see Thomas, The Gramscian Moment 189.
from Cox, the actual relation of international institutions with national state institutions implies that they
are not just “transmission belts” of a hegemonic order that serve as “pillows” to counter-hegemony, but
that they themselves can become subject to counter-hegemonic dynamics. Such international institutions
may have to address crises of authority that originate in the civil societies to which they are dialectically
related.

2.3 Gramsci, Foreign Policy, and Multilateral Negotiations

In view of the analysis above, it is therefore important to see the formulation of foreign policy as
the result of two sets of relationships framed by a single dialectic. There is the relationship between civil
society and national state apparatuses, and then there is the relationship between national state
apparatuses and global governance structures co-habitating within political society. In view of these two
sets of dialectically linked relationships, this part of the chapter will examine the manner in which a crisis
of authority located in the social formations of the Americas shaped and imposed important structural
limits on foreign policy formulation in the context of the national social formations of the hemisphere.
This examination will render more concrete the relationship between the crisis of authority in the social
formations of the hemisphere and the formulation of foreign policy. Rather than trying to explain the
micro-dynamics of every decision taken, the next section will set out an analytical framework from which
to approach foreign policy formulation in view of the dialectical relationship that national state
apparatuses have with civil society.\textsuperscript{107} This will be done by examining neo-Marxist theories of the
capitalist state, which emphasize the ‘relative autonomy’ of the state from civil society and a social
formation’s economic structure.

\textsuperscript{107} The predominant approach to analyzing behaviour in multilateral negotiations has been to use different
incarnations of game theory. See Larry Crump and I. William Zartman, “Multilateral Negotiation and the
2.3.1 Civil Society and the State

Gramsci’s approach to the relationship between the structure and superstructure is both complex and dialectical. In view of more reductionist approaches between both entities, Gramsci is quite critical of what he calls “economism,” which puts forth the belief that there are “objective laws of historical development similar in kind to natural laws, together with a belief in a predetermined teleology like that of religion….” Gramsci explains that there is no deterministic relationship between the structure, say an economic crisis, and the superstructure, as there is always a lag or political moment between the “automatic thrust due to the economic factor” and transformations in the superstructure. Martin Carnoy explains that Gramsci’s contribution to Marxist theory was to develop a systematic approach to political action whereby the political is not simply a reflection of material transformations, but also relatively autonomous within a context of historically changing material forces. As seen in the discussion above pertaining to the crisis of authority and the relationship between political and civil society, the relationship between the structure and the superstructure is conjunctural, relative, and dialectical. The relative autonomy of the superstructure from structural relations provides the conceptual space to understand the sometimes contradictory relationship between developments within multilateral negotiations in terms of the positions taken by states and the economic interests of those same states. As such, although states may in fact have objective material interests with which they enter interactions with other states, they are often distorted by structural constraints resulting from social relations within their institutional frameworks.

The relative autonomy of the superstructure from the structure, as well as the dialectical relationship between civil and political society, is particularly relevant in terms of analyzing the state’s

---

108 Gramsci, Prison Notebooks 168.
110 Carnoy, The State and Political Theory 95.
role in multilateral negotiations. There usually is no ‘one-to-one’ relationship between the interests of the
dominant class in a particular instance, and the position put forth by the state institution at the negotiating
table. To complicate matters further, multiple institutions situated in a single social formation are often
involved in multilateral negotiations, which sometimes posit contradictory positions or contradict the
overall policy disposition of other branches of the state that are not involved in the negotiations.

Consequently, an approach to the capitalist state with a focus on the elaboration of foreign policy requires
an analytical framework that does not assume it to be a unified ensemble of institutions with a clear sense
of the ‘national interest.’ In other words, it must be an approach to the state that accounts for the potential
“non-contemporaneity” of the different institutions of the state. The works of neo-Marxist state theorists,
with their emphasis on the relative autonomy of the state, provide useful conceptual tools that help to
reconcile these different contradictions found in the state form, particularly in relation to foreign
economic policy, while remaining firmly rooted within a Marxian framework.

The neo-Marxist approach to the capitalist state is quite useful in approaching the tenuous
relationship that the many organs of the state, that are usually involved in multilateral negotiations or
decisions that pertain to global governance structures, may have with one another. This tenuous
relationship often manifests itself through contradictory pronouncements, by representatives of different
state agents within the same state apparatus, and unfulfilled commitments following public
pronouncements. Some of these disjunctures may have been the result of political gamesmanship, but the
next four chapters will demonstrate that it sometimes points to disagreement within respective states as to
the desirability of different aspects of the FTAA.

In terms of the positions taken or the strategies adopted by state actors in global governance
generally and within multilateral negotiations specifically, it is important to note that though they may
enjoy a degree of autonomy, it is one of ‘relative autonomy’ as they are not only subject to asymmetrical
power relations between states, but also to state capacity and limits imposed by the respective state apparatuses.\textsuperscript{111} It is important to note that when state actors do enjoy a large degree of autonomy in terms of setting their own agenda at the negotiating table, it must be approached not as a given, but as an empirical question to be investigated.

Although foreign or trade ministries are typically officially responsible for elaborating and executing foreign policy, other ministries are also often involved in the formulation of a policy position or may be directly integrated with the multilateral forums. In terms of the former, the degree of involvement often depends on the issue area being discussed and ministries’ determinative power varies according a particular ‘crystallization’ of the entire state apparatus.\textsuperscript{112} Hence, institutions within the state are not equal in terms of their influence and power, as some institutions have disproportionate influence over policy-making.\textsuperscript{113} The degree to which a negotiating team is able to present a cogent and cohesive position – in other words, the degree to which it is autonomous from both social forces and other state institutions

---

\textsuperscript{111} The relative autonomy of the state according to Ralph Miliband, one among many neo-Marxist theorists, is the “degree of freedom which the state…has in determining how best to serve what those who hold power conceive to be the ‘national interest’, and which in fact involves the service of the interests of the ruling class.” This degree of freedom, which is common to all class states and which is subject to variation, means that the state may sometimes contravene the short-term interests or wishes of a ruling class, through policies such as social reform, in order to ensure the long-term survival of the social and economic order. Ralph Miliband, \textit{Marxism and Politics} (Oxford: Oxford University Press, 1977) 83.

\textsuperscript{112} According to Nicos Poulantzas, the presence of social relations within the state, which is a central concept within Neo-Marxist theory, translates into inter-institutional competition and the divergences referred to above. The organization of the unity of the dominant classes under the aegis of a dominant fraction takes place within this materiality. Approaching the state as a social relation means that it is an evolving ensemble of institutions with a unity that is contingent and incomplete. Through this unity, a dominant class will try to shape civil society according to its interests under a veil of universality. In such a theoretical framework, a particular iteration of a state’s structure and policies represents a particular “crystallization” of the state apparatus, which is usually organized by a particular institution or agency. In his own words, Poulantzas explains that: “This unity of state power is established through a whole chain whereby certain apparatuses are subordinated to others, and through the domination of a particular apparatus or branch (the military, a political party, a ministry, or whatever) which crystallizes the interests of a particular hegemonic fraction – domination, that is to say, exercised over other branches or apparatuses that are the resistance centres of other fractions of the power bloc.” Poulantzas, \textit{State, Power, Socialism} 137.

\textsuperscript{113} In reference to policy formulation, Poulantzas explains that “policy is decipherable not only as a strategic calculation, but even more as the result of explicit and divergent micro-policies and tactics, and as the national formulation of a coherent global project.” Poulantzas, \textit{State, Power, Socialism} 136.
during multilateral negotiations – is both contextual and conjunctural. As such, the establishment of a state’s policy towards a global governance structure often involves a complex set of interactions and mediations between different institutions, both within and beyond the state.

The complications induced by the complex web of inter-institutional interactions within and beyond states were indirectly acknowledged in the design of the FTAA negotiation institutions, which sought to isolate agencies involved in the negotiations as much as possible from other agencies. In fact, there was an attempt to create an “epistemic community” within the negotiation groups which would unite the negotiators from different states regarding the desirability of the FTAA.\footnote{Feinberg, “Regionalism and Domestic Politics” 138.} This was done to remove political considerations as much as possible and to isolate the work of the working and negotiation groups, which constituted the institutional core of the negotiations.\footnote{Feinberg, “Regionalism and Domestic Politics” 138.} This goal was to be achieved so that the negotiation of the agreement was to be perceived as a matter of solving technical differences without reference to larger political developments and the priorities of other institutions within the state apparatuses of each country.\footnote{Carlos Masia Vieweg, MPC Anti-Dumping Negotiator, interview by author, 26 April 2009, digital voice recording, Caracas, Venezuela.} Additionally, although some efforts were made to include civil society organizations within the framework of the FTAA, its institutional structure was deemed to be closed to non-state political actors. Jean Grugel explains that “by and large the US managed to keep the formal discussion of the economic agenda out of the Summit process and confined to the centralized inter-state negotiations for the FTAA where civil society movements were excluded.”\footnote{Grugel, “Regionalist Governance and Transnational Collective Action in Latin America” 217.} The formal separation of political and social considerations from the FTAA constituted the first measure in the attempt to insulate the negotiations from potentially de-stabilizing developments. However, this dissertation will demonstrate that the institutional framework of the FTAA was only capable of keeping
out de-stabilizing dynamics from the inner core of the negotiations until 2002, when its stability and technical nature would be put into question by the growing behaviour of state actors from Venezuela and Brazil spurred on by the wider crisis of authority in the Latin America.

2.4 Conclusion

This chapter has set out a theoretical framework from which to understand how a crisis of authority rooted in national social formations can come to affect institutions of global governance that are seemingly autonomous from such social relations. This is done in view of portrayals of global governance institutions that situate them in a global realm separate from national social formations with an equivalent global civil society. By re-emphasizing the dialectical unity of civil society and political society, and moving away from ‘tectonic’ metaphors, it becomes possible to conceptualize the continued dialectical relationship between civil society, rooted in national social formations, and global governance institutions. By viewing global governance structures as inhabiting the same political society as national state apparatuses, one can understand such structures to be a further attempt to contain or ‘enwrap’ the divisions inherent within civil society by presenting themselves as an abstracted and universal institutional realm. Nonetheless, as with national state apparatuses, global governance structures are never capable of completely containing civil societies and are in a constant state of disequilibrium with them. Consequently, they continue to be subject to developments within civil society through the intermediary of national state actors.

In relation to political society’s evolving attempt to unify divided civil societies, the ideology of global governance structures has generated what Eunice Sahle calls the Transnational Development Historical Bloc (TDHB), where there is a claim that there is no alternative to neo-liberal development. The decision-making structures are seemingly removed from structures of accountability in national social formations in this hegemonic moment. However, the national state structure remains an essential
site of articulating political projects in terms of constructing or challenging hegemony at a global level.\textsuperscript{118}

This chapter has argued that insisting on this reality can have real material ramifications for the ideological, political, and legal forms of global governance structures.

The FTAA negotiations were launched in the context of a growing consensus in the early 1990s concerning the desirability of economic and political liberalization. Within this growing consensus, a pan-American trade agreement was perceived to be a means through which the agreement could be cemented. This consensus, however, was undermined by an underlying ‘organic crisis’, rooted in the growing difficulty in the 1990s and early 2000s of consolidating the hegemony of financial capital through neo-liberal policies within the social formations of the Americas. Although the crisis of authority in the Americas will be used as a focal point through which the temporality of the negotiations will be narrated, it was overdetermined by innumerable contradictory social processes. The FTAA negotiations established a complex institutional infrastructure arrayed across multiple scales and engaged in multiple social relations. It was essentially a project to assert and formalize American hegemony along neo-liberal lines in the hemisphere. In other words, the FTAA represented an attempt to unify the multiple and divided conjunctures, or ‘presents’ of the hemisphere, into a singular ‘present’ through a hegemonic project. Accordingly, the spread of neo-liberalism cannot be analyzed solely from the point of view of the political impetus of a top-down process stemming from economic transformations, originating from the scale of the global capitalist economy enforced by governance structures situated at that level.

In view of what was argued in this chapter, the FTAA also needs to be approached as a political project in which it was reshaped and given its specific form within national social formations according to

\textsuperscript{118} Sahle, \textit{World Order, Development and Transformation} 18. In reference to the concept, Sahle explains that “in recognition of the power asymmetry that underpins the world politico-economic order and its governing institutions, we conceptualize dominant states in the post-1945 world order and institutions of global governance as constituting a hegemonic transnational development ‘historical bloc’ (TDHB).”
its institutional, political, and economic specificities. As such, an institutional history of the FTAA negotiations must be mindful of the “non-contemporaneity of the present” due to the contested and indeterminate nature of the neo-liberal hegemonic project in the Americas. Thomas explains that, for Gramsci, “the present is necessarily non-identical with itself, composed of numerous ‘times’ that do not coincide but encounter each other with mutual incomprehension.” Hence, one must examine how this “non-contemporaneity of the present,” the specific content given to neo-liberalism in national social formations, as well as the social dynamics consequently unleashed, can come to shape governance structures that are situated beyond the national state. This chapter has suggested a theoretical framework from which one can begin to understand how these multiple crises of authority that took place in the hemisphere led to a situation in which the leadership of the United States was challenged by state actors, principally and distinctly from Venezuela and Brazil among others, within the forum of the FTAA. The inability of the United States to successfully conclude the FTAA laid bare its inability to consolidate its hegemony in the hemisphere; this inability, incidentally, was itself the result of the particular “ethical-political” and “economic-corporate” project on which the United States sought to base its leadership.

---

Chapter 3. The FTAA Negotiations: Context and History

This chapter will provide a context and history of the FTAA negotiations that focuses on a number of themes relevant to the overall thesis of the dissertation. Specifically, a history of the negotiations with a particular focus on the evolution of the growing ‘crisis of authority’ in the Americas will be provided. By approaching the FTAA negotiations in such a manner, it becomes possible to better contextualize events and developments that took place throughout the negotiations in terms of Gramsci’s ‘conjunctural’ and ‘organic’ movements. Furthermore, the complex and deceptively multi-leveled institutional infrastructure of the negotiations renders the task of determining the importance of the innumerable developments that took place during the negotiations a challenge. For example, by focusing on the relationship between Brazil and the United States at the ministerial level in the latter part of the negotiations, it would be all too easy to conclude that the FTAA negotiations were doomed from the beginning, but this interpretation would cloud the actual variation in the amplitude of their disagreements and the real cooperation between both states that took place at other institutional levels within the negotiation framework. To situate this analysis in the context of wider analytic discourse, this historical perspective will be preceded by a brief review of existing literature that addresses the FTAA process, indicating notable lacunae and some promising efforts to address this complex process.

Alternatively, with the underlying ‘crisis of authority’ in relation to the United States’ role in the Americas in mind, this chapter will demonstrate that a fundamental shift in the relationship between the United States and the rest of the Americas took place during the period in which the FTAA was being negotiated. It will outline how the ‘crisis of authority’ increasingly manifested itself within the different institutional levels of the negotiations, eventually leading to irreparable damage that proved to be fatal to the negotiations. Notably, what contributed to the unraveling of the negotiations, beyond the typical jockeying between states that can be expected during such a process, was the increasingly hostile attitude...
of negotiators from certain states, particularly Venezuela and Brazil. Actors from both states worked to de-emphasize the ‘technical’ sphere of the FTAA by re-politicizing the negotiations in a way that opened its framework to alternative discourses pertaining to economic development and integration.121 Furthermore, once the ‘crisis of authority’ reached the negotiation groups, the neo-liberal consensus that sustained the negotiations unraveled, leading to the irreconcilable polarization which brought the negotiations to an uneventful end.

The ‘crisis of authority,’ rooted as was shown in chapter 2 in the crisis of accumulation of the 1970s, resulted from the social and economic consequences of neo-liberal policies in the hemisphere. David Harvey explains that in the United States, the financialization of the economy throughout the 1980s contributed to the de-industrialization of important regions of the United States and increased social inequality.122 The division of powers within the American state means that the executive never had determinate control, as the legislative branch was constitutionally accorded jurisdiction over trade policy. Historically, the United States Congress has been predisposed to protectionist demands, due to greater electoral sensitivity to sectoral demands than the executive. The latter has tended to be much more liberal in terms of trade policy. In view of the Smoot-Hawley Act in 1930, which initiated and increased a long list of tariffs credited for amplifying the Depression, the Congress began granting the executive temporary jurisdiction over trade policy known as “fast-track authority.”123 Sensitive to a heightened weariness, and concern regarding domestic job losses that came to the fore during and after the debate over NAFTA, Congress fell back on its more traditional protectionist position. Accordingly, various social forces, such

121 In relation to the FTAA negotiations, ‘technical’ participation implies an acceptance of neo-liberal rationality without questioning its legitimacy, while practices that have the potential to transgress this legitimacy can be described as political. Brendan Donnegan, “Governmental Regionalism: Power/Knowledge and Neoliberal Regional Integration in Asia and Latin America” Millenium 35.1 (2006) 28-29.
as trade unions, mobilized against NAFTA, and found sympathetic ears in sections of both the Democratic and Republican parties.

In Latin America, the ‘crisis of authority’ resulted largely from the gap between the promise of the policies of the Washington Consensus, which formed the content of the FTAA, and the actual results in terms of economic growth and the social conditions in Latin America. This frustration came after a decade of reforms was implemented as a result of the debt crisis and the collapse of the ISI development model. The disjuncture between the promised and actual results of liberalization meant that it became increasingly difficult for leaders in Latin America to promulgate neo-liberal policies within their respective social formations. The ‘crisis of authority’ in Latin America will be examined in greater detail in chapters 4, 5, and 6, which pertain to the role played by Brazil and Venezuela in the evolution of the FTAA.

At a more conjunctural level, the ‘crisis of authority’ was of immediate import to the FTAA in two ways. In the United States, growing opposition to further trade liberalization led to the consolidation of a protectionist bloc within Congress. The ‘trade fatigue’ referred to above meant that the protectionist bloc within Congress blocked the renewal of fast-track negotiations until 2001, and prevented any measure of concession in terms of agriculture, for example, that would have contributed to facilitating the United States’ leadership role during the negotiations. Though the degree to which the lack of fast-track authority actually inhibited progress in the early stages of the negotiations is certainly up for debate, as it in no way prevented the necessary work from being done within the negotiation’s working groups, its absence constrained the United States’ leadership in relation to the FTAA as well as to other multilateral negotiations. This was something that the then U.S. president George W. Bush actively sought to remedy in the early stages of his administration. Furthermore, the United States’ unwillingness and inability to

make concessions in terms of agriculture further hampered its ability to position itself in a leadership position vis-à-vis the hemisphere, as well as the rest of world in relation to the Doha Round of the WTO. Secondly, and fundamentally, disenchantment with neo-liberal reforms led to an electoral wave of leftist governments in Latin America that proved to be detrimental to negotiations, albeit in very different ways. It was this electoral shift in Latin America and the manner in which their state representatives behaved, in and around the negotiating table, which brought about a shift in the shape of the United States’ leadership in the Americas.

The American state’s inability to adopt fast-track authority played to the prejudices of Latin American states in terms of the authenticity of the United States’ commitment to the agreement and to what these states believed to be their neglect since the end of Franklin Delano Roosevelt’s ‘Good Neighbor Policy.’ This opened a breach in which governments from Latin America, notably those of the ‘MERCOSUR plus one’ coalition, could challenge the United States’ vision of the FTAA more forcefully. The shift in the political dispositions of several Latin American states, and the corresponding shift in their positions within the different institutional levels of the negotiations contributed to a polarization of positions between the ‘MERCOSUR plus one’ bloc and the United States that proved irremediable as the 2005 deadline approached. This polarization became insurmountable once the work that was being done in the negotiation groups stopped progressing, revealed starkly by the events of Miami Ministerial Meeting in 2003 with the adoption of a ‘FTAA à la carte’ framework. The following section will begin with a review of the literature, followed by a brief outline of inter-American relations during the postwar period. This period frames the FTAA negotiations in relation to the ‘crisis of

125 Roosevelt’s ‘Good Neighbor Policy’, which lasted from 1933 until the end of the Second World War, consisted of the United States’ renunciation of unilateral intervention in Latin America. In view of growing hostilities in Europe, which had the potential to de-stabilize Latin America, the Unites States sought to shore up its support in Latin America by removing the major irritant to its relationship with the region’s countries. Irwin Gellman, Good Neighbor Policy: United States Policies in Latin America, 1933-1945 (Baltimore: Johns Hopkins Press, 1979) 11.
authority’ that came to shape it. The chapter will then provide a chronological analysis of the actual negotiations.

3.1 Literature Review

The failure of the FTAA negotiations has prompted diverse analyses that have attempted to explain the failure to obtain an agreement before the 2005 deadline. The literature that addresses this issue can be divided into three broad categories. The literature in the first category tends to emphasize the economic asymmetries in the hemisphere, usually located within the paradigms of International Relations (IR) and International Political Economy (IPE). Literature in the second category tends to focus on the role of social movements in the evolution of the agreement as an indication of a growing discontentment with the FTAA. This type of analysis can generally be located within a more critical inter-disciplinary body of literature. There is no doubt that economic asymmetries of the hemisphere played an important role in preventing a successful conclusion of the negotiations. And the important mobilizations both within social formations and at the transnational scale, notably through the Hemispheric Social Alliance (HSA), contributed in no small way to the sense that the FTAA did not have broad societal support throughout the hemisphere. Indeed, the evolution of the FTAA negotiations was over-determined by different dynamics situated at different analytical levels. However, this literature collectively fails to identify the conjunctural crisis of authority that was distributed directly upon the state actors in the negotiations process itself, and the pivotal role of such actors in the ultimate failure of the FTAA negotiations by 2005. In considering the argument presented in this dissertation, a brief overview of these schools of literature can helpfully indicate the lacunae. A third literature, though more limited, suggests the need for a more nuanced and dialectical political economy approach. This dissertation attempts to build upon and advance this third school. The articles by Marie-Josée Massicotte, as well as Joel Wainwright and Rafale Ortiz, with their emphasis on the continued salience of national state actors and
their relationship to civil society, provide the starting point from which to think through the continued dialectical relationship between global governance structures and civil societies situated within national social formations.

3.1.1 Literature on the Hemisphere’s Structural Asymmetries

In terms of the structural approach to analyzing the FTAA, Nicola Phillips speaks of the relationship between it and the multiple sub-regional trade agreements in the hemisphere. She explains that the United States, in 1998, gave up on its conception of the FTAA as a simple expansion of NAFTA into the rest of Latin America. The United States accepted that negotiations would take the form of bloc negotiations according to the existing sub-regional agreements that included MERCOSUR and CARICOM. She argues that the difficulty of integrating these different sub-regional agreements can be explained by the fact that they have distinct relationships to the global economy, and that different countries acceded to these sub-regional agreements for very different reasons, whether for protection or for access to specific markets. Therefore, integrating these different agreements in the midst of a high degree of heterogeneity of interests and motives into a single one represented a very difficult proposition. Phillips’ analysis sheds light on the geopolitical dynamics that would render the FTAA difficult to negotiate in terms of the hemisphere’s structural incongruencies.


127 Similarly, Nicolas Grinberg argues that the dispute at the 2005 Mar del Plata Summit of the Americas between states for and against the FTAA was structured by the two predominant forms of capitalist accumulation in the Americas. These different forms of capitalist accumulation are important, according to Grinberg, as state policies and institutions are the “forms of realization of the global unity of the process of capital accumulation through the specific determination, within the international division of labor, of each national portion of world society’s total capital” (p. 186). Consequently, according to the author, support for the FTAA could be found among states that realize their capitalist accumulation by exploiting their cheap workforces and take advantage of their proximity to the United States’ economy. Conversely, opposition could be found among states where industrial capital realizes accumulation, in part, by using their own ground rent. Nicolas Grinberg, “Where Is Latin America Going? FTAA or “Twenty-first-Century Socialism”?” Latin American Perspectives 30.1 (2010).
Another example of this type of approach is Jorge Mario Sanchez-Egozcue and Lourdes Regueiro Bello’s analysis, which argues that each state’s attitude towards the FTAA could be explained in relation to its dependence on access to the American market.\textsuperscript{128} Accordingly, smaller countries with a high dependence on access to the American economy such as those found in the Caribbean and Central America, were willing to proceed with the FTAA negotiations according to terms dictated by the United States. Conversely, larger countries with more diversified economies such as Brazil and Argentina were more prepared to challenge the United States on certain provisions and demonstrate their opposition. This approach is similar to the one adopted by Phillips, but it places additional emphasis on the economic predisposition of states rather than sub-regional trade agreements.

Mario Carranza also looks at the FTAA impasse in terms of geopolitics and the lack of congruency in terms of interests between states.\textsuperscript{129} Particularly, Carranza focuses on the disagreement between the United States and Brazil over agricultural subsidies as the source of the impasse that led to the failure to adopt the FTAA. He puts forth the problem that the economic sectors wherein Brazil was the most competitive were the ones that were the most protected by the United States. Accordingly, Carranza explains that the United States was more motivated than Brazil in negotiating the FTAA as it had more to lose. Specifically, it faced increasing limits on its access to Latin American markets due to sub-regional and extra-hemispheric trade agreements. The elites of major Latin American countries, such as Brazil and Argentina, did not feel the impetus to pressure their states for a hemispheric trade agreement as they would face more stringent competition from North American firms as a result of the FTAA. Additionally, Carranza argues that this was amplified by the widespread civil society opposition to the


\textsuperscript{129} Mario Carranza, “MERCOSUR and the End Game of the FTAA Negotiations: Challenges and Prospects after the Argentine Crisis” Third World Quarterly 25.2 (2004).
FTAA in Latin America as well as the growing number of leftist heads of state in the region, which was spurned by a growing challenge to neo-liberalism in the Americas. He argues that those factors amplified the structural asymmetries between both countries. The latter element is added as an appendage to the structural element of his argument without, however, examining how they relate to one another.

Another variation of the structural explanation of the difficulties in reaching an agreement with the FTAA is provided by I.M. Diestler and Scott Palmer.\textsuperscript{130} They both examine the problem from the point of view of American domestic politics and the institutional framework of the American state. According to these authors, the reason why an agreement was not signed was that the Clinton administration had exhausted its political capital in passing North American Free Trade Agreement (NAFTA). Subsequently, the American Congress took away the executive’s fast-track legislation, or Trade Promotion Authority (TPA), which made negotiating an agreement difficult. Diestler explains that this was partly due to the fact that the Clinton administration did not have the same support from the business community for the FTAA as it did with NAFTA. This was amplified by the fact that most of the United States’ trade with Latin America was with Mexico. These are structural arguments in that the explanation for the lack of interest within the American political system resides in the fact that there was not the same degree of interest exhibited in export-centered sectors of the economy for an agreement with the entire hemisphere as there was for Mexico and Canada. Therefore, the export-centered sector did not have the economic motivation to challenge groups politically, such a trade unions and protectionist fractions of the business community that had much more at stake.

These analyses bring forth valid points in terms of describing the disjunction of interests between

\textsuperscript{130} I.M. Diestler, “The United States and a Free Trade Area of the Americas,” Integrating the Americas: FTAA and Beyond, eds. Antoni Estevadeordal et al. (Cambridge: Harvard University Press, 2004) and Scott Palmer, U.S. Relations with Latin America during the Clinton Years: Opportunities Lost or Opportunities Squandered? (Gainesville: University Press of Florida, 2006).
the countries that were participating in the FTAA. However, putting a finger on the economic asymmetries and the lack of economic interdependence between key states in the hemisphere cannot account for the dynamic character of the negotiations. For example, Sanchez-Egozcue and Regueiro Bello’s argument cannot account for the fact that Argentina’s position shifted during the negotiations, from being aligned with the United States to aligning itself with Brazil. Additionally, Carranza’s argument cannot account for the fact that the main impetus for the FTAA came not from the United States but from Latin America, although the FTAA may have advantaged the United States disproportionately. The same criticism can be leveled at Phillips’ argument. The literature that focuses on the United States does address the role played by social forces, but its explanation relies on a description of the economic disjuncture between the United States and Latin America. This points to a need to not only look at economic asymmetries in explaining the difficulties facing the FTAA negotiations, but also the social and ideological factors that shaped the evolution of the FTAA negotiations.

3.1.2 Social Movements and the FTAA

Some of the less complex literature addressing social movements provides a linear account of a ‘double movement’ in the hemisphere against liberalization. This approach tends to posit the expansion of markets forces as coming from ‘above’ via the hemisphere’s different governments, and the opposition as coming from ‘below’ via coalitions of different social movements and organizations attempting to enforce a regulation of market expansion. An example of this type of literature includes Kevin Danaher and Jason Mark’s work, which situates the opposition to the FTAA as being part of a growing opposition to the extension of corporate power in the hemisphere.\(^{131}\) Danaher and Mark explain that the growing discontent with trade agreements emerged from a growing sense among disparate social movements in North

---

America that NAFTA needed to be blocked. Danaher and Mark’s interpretation of events looks at the battles that were won within the United States in terms of successes in blocking fast-track authority in Congress and these successes impact on the negotiations of the Multilateral Agreement on Investment (MAI) and the FTAA. Furthermore, the ‘Battle in Seattle’ in 1999, the demonstrations challenging the meeting of the World Trade Organizations (WTO), is portrayed by Danaher and Mark as the culmination of these efforts, as the moment in which the anti-globalization movement stepped into the mainstream. This approach to examining the relationship between social movement mobilization and the evolution of the negotiations can broadly be characterized as a reaction to the expansion of corporate rule; there is little, however, in terms of the specificities of the institutional framework within which these mobilizations took place.

Articles by E. Timothy Smith, and William Smith and Roberto Patricio Korzeniewicz provide a more detailed and sophisticated analysis of the relationship between opposition to the FTAA and the negotiations process itself. Smith and Korzeniewicz specify that there were two negotiation processes occurring simultaneously: the Summit of the Americas process, and the FTAA process. Both processes were closely related and interdependent, but retained a degree of autonomy from one another. The Summit of the Americas consisted of a series of ongoing comprehensive summits attended by heads of state that discussed and monitored a series of issues such as education and the FTAA. The FTAA process was formally included under the Summit of the Americas process and was accountable to it, but the authors indicate that much of the negotiations took place at the ministerial level with an agenda and negotiation framework much different from the Summit of the Americas. Using a neo-institutionalist framework, Smith and Korzeniewicz emphasize the fact that civil society organizations had very different

opportunities for participation in both processes. Despite nominal openness to civil society organizations at the Summit level, a growing disenchantment permeated the ‘insider’ groups with whom they engaged. There were no monitoring or enforcement mechanisms, for example, to ensure accountability regarding the resolutions and promises agreed to in the different Plans of Action that were adopted at the end of each Summit. This disenchantment within the process was compounded by failed initiatives by negotiators to include civil society organizations, such as the Committee of Government Representatives on the Participation of Civil Society (SOC) within the FTAA process, which came to naught after much effort by civil society organizations. Essentially, the authors explain that the \textit{de facto} exclusion of civil society organizations from the FTAA negotiations contributed to the momentum of ‘outsider’ civil society organizations after the first successful alternative People’s Summit of the Americas in Santiago in 1998. This was compounded by a growing opposition movement throughout the hemisphere, which culminated with the election of leftist governments. E. Timothy Smith’s article employs a similar argument, but emphasizes to a greater degree how the WTO Meeting in Seattle propelled the anti-globalization movement into the mainstream and invigorated anti-FTAA protests. To different degrees, both articles focus on the Hemispheric Social Alliance (HSA) as a transnational coalition of civil society organizations, and on the growing opposition to the FTAA as part of a broader ‘double movement’ against the expansion of the neo-liberal policies, but they nonetheless provide a more expansive and detailed analysis of the specific institutional framework in which these dynamics took place.

\textbf{3.1.3 Gramscian Starting Points}

Hector de la Cueva’s article, “Mar del Plata: El ALCA no paso una Victoria de la Cumbre de los Pueblos”, and Marcelo Saguier’s article, “The Hemispheric Social Alliance and the Free Trade Area of the Americas Process: The Challenges and Opportunities of Transnational Coalitions against Neo-liberalism”, both address the issue of the relationship between social movements and states in more
De la Cueva’s article examines the manner in which countries such as Cuba and Venezuela helped to consolidate and coordinate the anti-FTAA movement. Here, the focus is on the organization of the Continental Campaign against the FTAA meetings that took place in Havana from 2002 to 2005. He also describes the mutually reinforcing relationship between states that opposed the FTAA and social movements during the final FTAA meetings. Nevertheless, his focus is centered much more on the elaboration of the Continental Campaign against the FTAA in meetings outside of the formal negotiations than on what was occurring within them.

Marcelo Saguier’s article is much more comprehensive and theoretical in his examination of the relationships between social movements and Latin America’s leftist governments during the negotiations, and also helpfully suggests the relevance of a Gramscian lens. The author argues that, broadly, one can account for the emergence and prominence of the HSA and the growing number of leftist governments in Latin America as a Gramscian counter-hegemonic movement against the FTAA. Saguier argues that one must use a “political process approach” to explain how social movements emerge and why they are able to gain influence. He sees the emergence of the HSA, which is conceptualized as a transnational organization, as the result of discontent with the FTAA and lack of access to the negotiations. The HSA gained greater prominence and influence, he argues, as a result of the following factors: the discrediting of ‘insider’ social movements who were willing to engage constructively with the FTAA’s institutional framework due to the lack of access to the institutional framework that was established to negotiate the agreement, growing popular discontentment with neo-liberalism in the Americas, and the growing divisions in Latin America’s governmental elite due to the extent of their desire for the FTAA.

---

confluence of different factors allowed for greater political opportunities for the HSA to promote its agenda of defeating the FTAA. This was sustained by the support given to it by the governments of Cuba and Venezuela, in relation to the organization of the Continental Campaign against the FTAA and Venezuela’s adoption of the HSA’s political program. Hector de la Cueva and Saguier’s analysis of the relationship between social movements and states adds another level of complexity to the analysis of the growing hemispheric opposition to the FTAA. What they leave out of their analysis, however, is the impact that social movements had on their respective states’ attitude towards the FTAA, and how this in turn shaped the evolution of the negotiations within its institutional framework.

The purpose of Marie-Josée Massicotte’s article, “Forces d’émancipation et démocratie participative dans les Amériques”, is to call into question the concept of a global civil society that interacts with global governance structures in a way that they both seem to hover above social relations rooted in national social formations. With particular attention paid to the FTAA, she notes that states remain the primary arena of contestation for what she calls “political social movements.” Massicotte argues that although the HSA, after the Santiago Summit of the Americas in 1998, attempted and was largely successful in integrating social movements from throughout the Americas beyond its North American base, it did not constitute a single, unified, and transnational social movement. Massicotte continues that the demands put forth by the HSA’s different coalition members were still very much rooted in their local/national contexts and were centered on resisting the FTAA on the grounds of defending the “national dignity” of their respective countries from what they perceived to be American imperialism. A consequence of this heterogeneity was that demands formulated by the HSA in the declarations it produced were obtuse and general, representing the different viewpoints of participants.

---

Steps were taken during and after the Quebec Summit of the Americas in April 2001 to work towards a greater consensus among the HSA’s different groups. Nonetheless, Massicotte argues that despite the fact that the HSA organized itself as a transnational actor, it very much wanted to interact with the mainstream FTAA negotiations. The interests and ideas of the HSA’s many coalition members remained, however, grounded in their national contexts. What it did do, despite the absence of a comprehensive consensus on what an alternative to the FTAA should look like, was become an important space where information was exchanged among the different groups. Massicotte’s work on the HSA and national social movements provides an important starting point from which to begin to think about how this relationship impacted the evolution of the negotiations.

Joel Wainwright and Rafael Ortiz, in their article, “The Battles in Miami: The Fall of the FTAA”, are broadly consistent with Massicotte’s article, and are critical of the focus some articles have on social movements organized at the transnational level in relation to the negotiations. They begin by explaining that they wanted to break down what they considered to be a pro/anti-globalization dichotomy found in the literature that reduced all positions taken up by political actors to one of those two positions. Furthermore, they wanted to highlight how states persist as important arenas of contestation and how they can become anti-globalization agents within International Financial Institution (IFI) negotiations, such as the 2003 Miami Ministerial Meeting. The need to break down the pro/anti-globalization dichotomy, according to Wainwright and Ortiz, comes from the fact that the many organizations participating in the protests in Miami occupied very different spatial and temporal spaces, and varied significantly in terms of discourse and tactics. Following the massive mobilizations and successes of anti-FTAA protests in Quebec City in 2001 and Quito in 2002, the authors question the actual impact of the protests, qualifying

135 Joel Wainwright and Rafael Ortiz, “The Battles in Miami: The Fall of the FTAA and the Promise of Transnational Movements” Environment and Planning D: Society and Space 24.3 (2006).
them as “performances without audiences”, as the police had become more efficient in containing and controlling the crowds to a point that protesters did not impact the official negotiations at all. They then proceed to argue that the greatest blows to the FTAA negotiations occurred within the official Ministerial Meeting as Brazil and its allies pressured the United States, much to the displeasure of its allies, to back down from the demand for a single comprehensive agreement. The authors conclude by putting forth the idea that opposition was articulated by very different types of actors located within very different institutional levels, calling into question the idea of a general and unified opposition to the FTAA.

The analysis of Wainwright and Ortiz may, on the whole, underestimate the impact of mobilizations outside of the officially sanctioned civil society forums. The events in Miami provide only a limited appreciation of the degree of organization that went into the ‘People’s Summits’ that were organized largely by the HSA. Indeed, the work done by Timothy E. Smith, as well as William Smith and Roberto Patricio Korzeniewicz, demonstrates that the transnational linkages and organization centered in and around the HSA went well beyond organizing protests at Summits. Nonetheless, their articles, along with Massicotte’s, fruitfully emphasize the need to look beyond social movement mobilization operating at a transnational level, to look at the manner in which these mobilizations originated from national social formations and impacted them in a way that had important ramifications on the evolution of the FTAA. It is essential to emphasize that although social movements created important transnational linkage in relation to the FTAA, they were not transformed into transnational civil society agents denuded of all traces of their national social formations. Rather, as Massicotte argues, they maintained an identity rooted in their national social formations and continued to mobilize within that sphere.

As reviewed in chapter 2, Gramsci explains that hegemony may indeed transgress national boundaries, but it only truly becomes conjugated with social forces within national social formations. The

---

136 Wainwright and Ortiz, “The Battles in Miami” 361.
possibility that state actors themselves can become ‘anti-globalization’ agents is useful in understanding
the impasse that afflicted the FTAA negotiations during the final years of the negotiation.\textsuperscript{137} It is precisely
from this perspective that the evolution of the FTAA negotiations will be examined. Specifically, the
focus will be on the manner in which mobilizations within national social formations—in view of not
only growing transnational linkages, but also the broader impact of world order on the constitution of
civil society on national social formations—structured their respective states policies towards the FTAA.
This will be done, of course, with reference to the broad structural economic asymmetries that rendered
the negotiations difficult. Accordingly, rather than conceptualizing states, particularly developing ones, as
being passive agents in the midst of economic integration projects, states, particularly subordinated ones,
will be approached as having the capacity of being both constructive and destructive agents in relation to
such projects.

3.2 From ISI to Free Market Orthodoxy in Latin America

In order to more clearly understand the ramifications of the FTAA negotiations, a historical
analysis is necessary. The transition from the ISI development model that dominated Latin America up
until the later 1970s to the export-led development model occurred in a heterogeneous manner. According
to the FTAA’s Tripartite Committee, designated by the Organization of American States (OAS), the Inter-
American Development Bank (IDB), and the United Nation’s Economic Commission for Latin American
and the Caribbean (ECLAC), the FTAA represented a culmination of Latin America’s transition from the
ISI development model to ‘open regionalism.’\textsuperscript{138} It was to institutionalize a revitalized relationship based
upon the twin pillars of economic liberalization and liberal democracy, elements central to American

\textsuperscript{137} Joel Wainwright and Rafael Ortiz, “The Battles in Miami: The Fall of the FTAA and the Promise of

\textsuperscript{138} Comité Tripartito, Hacia el Libre Comercio en el Hemisferio Occidental (OEA/BID/CEPAL, 1994) 1-2.
hegemony in the hemisphere and the world. These pillars were the subject of a growing consensus among the governments of the Americas, with the exception of Cuba.

During the Cold War, the relationship between the United States and Latin America was broadly characterized by aid based upon strategic-military considerations and embedded liberalism. The United States’ strategic-military priority was to contain communism, which included an acceptance of embedded liberalism in the hemisphere, primarily through ISI development strategies as well as authoritarian corporatist political regimes.\textsuperscript{139} Although Latin America did not figure with the same import for the United States prior to the Second World War, it was still a subject of concern and a target of aid. Conversely, despite the fact that many Latin American regimes were in line with the United States’ containment efforts, there was a perpetual sense of disappointment regarding the levels of aid committed by the United States, which contributed to a sense of neglect in the region. This was due largely to the perception that the United States had benefitted economically from structural inequalities between it and its lesser allies in the hemisphere. It was perceived that the United States did not appreciate sacrifices sustained by Latin American regimes to ensure the United States’ foreign policy goals.\textsuperscript{140} Given the predominant economic development model of the period, regionalism in the Americas was generally limited to targeted sectoral liberalization firmly ensconced within the strictures of ISI, such as the \textit{Asociación Latinoamericana de Libre Comercio} (ALALC). The macroeconomic shifts that began in the 1970s, rooted in the crisis of accumulation in the capitalist core, as well as the related exhaustion of the ISI development model in Latin America, augured a shift towards a new type of regionalism in the

\textsuperscript{140} Feinberg, \textit{Summitry in the Americas} 29.
Americas.\textsuperscript{141}

This shift was punctuated by the United States’ decision to rid itself of the gold standard in 1972, effectively unraveling the Bretton Woods system in view of financial constraints. The implementation of the ‘Volcker Shock’ followed in 1979, which helped to consolidate the financialization of the United States’ economy and contributed to the debt crisis that would afflict the developing world in the 1980s.\textsuperscript{142} These developments essentially restructured American power through what Peter Gowan calls the Dollar Wall Street Regime (DWSR). This was initiated by eliminating a fixed exchange rate, and served to liberalize international financial markets in order to ensure the centrality of the US dollar and a continual influx of capital. Market mechanisms, primarily through the concept of ‘creditworthiness’ in private financial markets, provided the basis through which policies of other states would be disciplined to acquiesce to American macro-economic objectives.\textsuperscript{143} To prepare the way for the application of this new economic model overseas, the United States needed to discipline its own economy in order to stabilize its currency and render financial markets a desirable destination. Discipline was brought about through the ‘Volcker Shock’ of 1979, which sought to control inflation by raising interest rates and implementing austerity measures while liberalizing financial markets.\textsuperscript{144} It was the financial recipe of the ‘Volcker Shock’ that would form the basis of the Washington Consensus, which became the broad policy panacea adopted by International Financial Institutions (IFI) that saw the debt crisis in the global South during the 1980s.

In Latin America, the ISI development model was characterized by growing costs and


\textsuperscript{143} Gowan, \textit{The Global Gamble} 23-24.

inefficiencies. The economies of Latin America were placed in a vulnerable position in terms of the transformations that were taking place in the capitalist core and, in related manner, as a result of the economic fallout of both oil crises. The implementation of neo-liberal policies was not just the result of the external coercion of IFIs, and the subsequent internalization of neo-liberal policies by comprador elites, but also the result of the exhaustion of the political and economic aspects of the ISI development model that had predominated there during the postwar period. By the 1970s, the ISI development model proved itself to be inefficient and costly. The contradictions facing the ISI model were further compounded by pressure put on the state by diverse social movements to disburse welfare provisions. The model was maintained throughout the 1970s by the borrowing of foreign credit, which was made readily available through the generous supply of recycled petro-dollars that were circulating during this period. The 1981-1982 global recession put the model into a tailspin, as exports to developed countries declined and interest rates on the loans incurred by developing countries received were increased.

The first country that threatened to default on its debt payments was Mexico in 1982, which required a massive bailout by the United States. The rest of Latin America faced the same predicament at different points throughout the decade. Some states, such as Venezuela, were able to resist IMF-sponsored or endorsed austerity measures until the end of the decade through various strategies such as emphasizing future revenue from natural resources like petroleum. It is also worth noting that the policies implemented as part of neo-liberal reform packages varied greatly, depending largely on the specific structural configuration as well as the specific economic and political conjuncture of each social

Reciprocally, the skyrocketing debt contributed to a legitimacy crisis for many of the authoritarian governments in place in Latin America, and austerity measures limited their ability to manage social conflict through the corporatist frameworks relied upon in the past. Consequently, the disaggregation of the ISI model in Latin America was accompanied by a wave of political democratization, as well as economic liberalization, as a solution to the profound crisis facing the developmentalist states of Latin America. One important exception to this broad tendency was Venezuela, which had kept a highly centralized liberal democratic regime in place since 1958. Latin America’s lurch towards liberal democracy and economic liberalization contributed to a sense of an emerging policy consensus, and a convergence of regional interests which had been forged with the United States.

3.3 Policy Convergence in the Americas

The 1980s proved to be a particularly difficult decade for inter-American relations as the OAS was more or less considered to be a ‘moribund’ multilateral forum. The United States’ unilateral interventions into Central America and its intransigence towards the possibility of debt relief, combined with domestic reticence towards adopting austerity measures in many Latin American countries, made for a challenging decade in terms of multilateral hemispheric cooperation. However, the United States proved itself more willing to consider debt-relief with the Enterprise for the Americas Initiative (EAI). Also, as Latin America went through the changes outlined above, a sense of consensus emerged in which inter-

---

148 Taylor, “Evolutions of the Competition State in Latin America” 44.
149 Feinberg, Summitry in the Americas 101.
150 Also, as Latin America went through the changes outlined above, a sense of consensus emerged in which inter-
American relations could be re-organized. This new consensus was further propelled in American policy-making circles by the growing awareness of the possible consequence that a debt default in Latin America would have on the United States’ economy.\footnote{Paulo Vizentini, “The FTAA as Part of the US Strategy: A Southern Point of View” Free trade for the Americas?: The United States’ Push for the FTAA Agreement ed. Paulo Vizentini and Marianne Wiesebron (New York: Zed Books, 2004) 13.} Furthermore, with the end of the Cold War, Latin American elites feared that the United States would forget and further neglect its interests in the region. There was a general concern in the executive and diplomatic corps of Latin America that, in view of the end of the Cold War and the continent’s economic difficulties, the United States might not only neglect Latin America, but also opt for increased protectionism.\footnote{For example, in a personal interview, the Venezuelan ambassador to the United States under Rafael Caldera, Pedro Luis Echeverria, explained that throughout Latin America, the FTAA was viewed as a practical matter in terms of ensuring market access for their products. Pedro Luis Echeverria, Venezuelan Ambassador to the United States (1994-1999), interview by author, 1 April 2009, written notes, Caracas, Venezuela.} A series of initiatives and agreements in the early 1990s would reinforce the sense of consensus and would prepare the way for the FTAA.

In terms of considering a regional agreement in the Americas, the United States was motivated by two different factors. The first factor was that American negotiators were frustrated with the slow pace and the limited scope of the Uruguay Round of the General Agreement on Tariff and Trade (GATT). This process was limited in considering important issue-areas, which would tellingly reappear with the FTAA, such as: “dispute settlement, competition policies, services, investment regimes, and agricultural trade.”\footnote{Feinberg, Summitry in the Americas 44.} As such, advocates of a regional option within the George H. W. Bush administration were able to convince reticent elements throughout the American state, particularly those in the Office of the United States Trade Representative (USTR) who were noted globalists, that extending Most-Favoured-Nation (MFN) clauses to interested states in the Americas could provide an alternative viable route towards
liberalization, and perhaps put pressure on reticent countries within the GATT negotiations. The pattern of viewing regional agreements as a potential pressure tactic for more global agreements would be repeated frequently over the next decade and a half, not only by the United States, but also by other countries such as Brazil.

The second motivation came from the tumultuous economic climate of the 1980s in terms of applying pressure on Latin American countries to adopt austerity measures and liberalization in view of the debt crisis. The United States perceived that extending free trade agreements (FTA) to Latin America would amplify its political leverage in the region. This perception was considered in terms of adopting particular policies, such as trade liberalization or managing narcotics, and in reinforcing or augmenting the legitimacy of what were perceived to be political allies in the region. In relation to NAFTA, which was part of a larger project to integrate the Americas, James Baker, the U.S. Secretary of State at the time, explained that the agreement would:

…be the cornerstone of a new relationship with Mexico and enhance close ties on the whole set of issues that don’t respect borders: narcotics, the environment, and immigration. And it would help advance other US objectives in Mexico, including the democratization of the political system.

The Treasury Department, the institution responsible for managing the debt crisis during the 1980s, had developed close ties with reformist anti-ISI elements within the political establishments and state institutions of several Latin American states. These reformists were referred to at the time as ‘technopols’, or politicians who were trained economists who accepted the imperatives of the free market and rejected the ISI model, such as Fernando Henrique Cardoso of Brazil. The Treasury Department perceived FTAs as opportunities to support and augment the influence of reformists within their respective states

155 Quoted in Feinberg, Summitry in the Americas 45.
and political systems. Lastly, such FTAs would freeze into place the liberal economic reforms that the Treasury Department had struggled to have implemented throughout the 1980s by making them subject to international law. Interestingly, it was the Treasury Department, one of the state institutions responsible for the establishment of the Dollar Wall Street Regime referred to above, with a firm ideological commitment to liberalization, which was responsible for the EAI and for driving the hemispheric integration project in its early stages.

Conversely, in Latin America, as a result of the liberalization and economic stagnation of the ‘lost decade’ of the 1980s in view of the debt crisis, the promise of market access and debt relief was welcomed by many heads of state. This was prompted by the feeling that, in view of the liberal reforms undertaken by Latin American countries, the United States had not held its own in terms of liberalization. Leaders such as Carlos Salinas de Gortari of Mexico argued that trade agreements such as NAFTA should serve as a recompense for liberalization and would help to ensure their continuation in Latin America. In countries such as Brazil, where the structural thinking of the ECLAC had left an imprint, there persisted a sense that liberalization should be reciprocated by developed countries. Brazil argued that the United States was in fact lagging in terms of liberalization compared to the rest of the Americas. It was claimed that the United States had a duty to open its markets as a result of the reforms that it had promoted over the previous decade.

The Latin American leaders of the period were keenly aware that the liberal reforms that had been implemented over the previous decade had only a tenuous foothold in terms of social support in their respective countries. Furthermore, neo-liberal ideology had been embraced very differently by the social

---

159 Sean Burges, *Brazilian Foreign Policy after the Cold War* (Gainesville: University of Florida Press, 2009) 87.
160 Tulchin, “The Enterprise for the Americas Initiative” 144-151.
sectors that purported to promote them in each of these countries, and reforms had been implemented to different degrees. Access to the United States’ market, for Latin America leaders, was made all the more urgent by the fact that the export-led development model that had generally replaced the ISI development model in Latin America was premised on the expansion of market access. Latin America’s fear of increased protectionism by the United States was not at all allayed by the vociferous debate that took place with the U.S. Congress, and in American society in general, over NAFTA, as well as by the difficulty with which the EAI had been moved through the United States’ state institutions. These concerns and demands contributed to a warm reception in Latin America for both the EAI and later the FTAA.

3.4 The EAI: A Rehearsal for the FTAA

The project to integrate the Americas was inextricably linked to NAFTA as part of the wider EAI proposed by George H. W. Bush in 1990. George H. W. Bush fundamentally believed that the end of the Cold War presented an opportunity to remake inter-American relations through the free market. The collapse of communism and the expansion of liberal democracy and free market economics confirmed this sense of progress and consensus. The initial impetus for hemispheric integration, which would be rendered concrete through the EAI, followed from a summit with Andean nations in 1990 on the issue of drug trafficking. During the summit, the Andean leaders made it known that they were in need of debt relief and a new economic relationship with the United States in view of their political vulnerabilities and the need to consolidate their democratic regimes. With this in mind, along with Mexico’s demand to accede to a free trade agreement with the United States and Canada, the George H. W. Bush administration, with a leadership role for the Treasury Department, launched the Enterprise for the

---

161 Harvey, A Brief History of Neoliberalism 87.
Americas Initiative (EAI) in June 1990.

The Enterprise for the Americas Initiative, framed as a ‘new partnership’ between the United States and the rest of the hemisphere, was composed of the three pillars of trade, investment, and debt relief. The formal launch of the EAI was received with a large dose of enthusiasm from the Latin American diplomatic corps. However, it was met with some surprise by the United States’ state apparatus, as the initiative had been formulated with the Treasury Department with little input from the United States Trade Representative (USTR) office and the State Department.\textsuperscript{162} Notably, the trade component of the EAI would form the basis of the future FTAA.

The trade component of the EAI famously called for the creation of a free trade area that reached from ‘Alaska to Tierra del Fuego’, and this quickly became the central pillar of the initiative. From the beginning, it was clear that NAFTA was the vanguard negotiation within the wider array of possible FTAs called for by the EAI. This was occasioned by the fact that it drew the most bureaucratic and political resources, and that it was positioned as the model for subsequent hemispheric FTAs. In the enthusiasm that ensued, Chile requested that it be the next country to negotiate an FTA. Beyond Chile, the USTR set up a series of working groups with other states so to prepare the way for the expansion of FTAs into the rest of the hemisphere. Eventually, the United States was able to sign ‘framework agreements’, which committed countries to future negotiations with thirty-three of the hemisphere’s thirty-four countries - Cuba was excluded because it did not adhere to the EAI’s stipulation that participation be restricted to democracies - including agreements with MERCOSUR and the Caribbean Community (CARICOM).\textsuperscript{163}

Despite the initial legwork done in terms of setting up a framework for expanding free trade into

\textsuperscript{162} Tulchin, “The Enterprise for the Americas Initiative” 144-148.
\textsuperscript{163} Mario Carranza, South American Free Trade Area or Free Trade Area of the Americas: Open Regionalism and the Future of Regional Economic Integration in South America (Aldershot: Ashgate Publishing Ltd., 2000):110.
the rest of the hemisphere, the EAI ran into several bureaucratic roadblocks. Firstly, the USTR noted that it did not have the resources to sign FTAs on a case-by-case basis with all of the countries of the hemisphere in addition to NAFTA and the Uruguay Round. Secondly, the debt and investment pillars of the EAI garnered only limited bureaucratic attention and were allocated only meager funds, to the disappointment of Latin American countries.\textsuperscript{164} For example, the George H. W. Bush administration was able to obtain $410 million from Congress for the EAI, $100 million of which was allotted for an investment fund managed by the IDB, and $310 million allotted to debt relief. This amount was dwarfed by the total Latin American debt which was valued at $428 billion in 1989. The relatively meager amounts generated for the EAI were conditioned by the recession that hit the American economy during this period, which made it difficult to find support within sectors of the American state, particularly Congress, for such financial resources.\textsuperscript{165} In the end, the George H. W. Bush administration did not have the political capacity to meaningfully push forth the policies called upon by the EAI through the institutional structure of the American state.

The EAI fell into the background as a result of the political energies devoted to the debate over NAFTA, with challenges from trade unions and protectionist elements within both parties coming with the approach of the 1992 presidential election. The future of the EAI remained uncertain as Bill Clinton, the Democratic Party’s presidential candidate, avoided mention of its trade component. Operatives within his campaign suggested that he would adopt a different strategy towards Latin America. Meanwhile, the Clinton victory in 1992, which included a cautious endorsement of NAFTA on the condition that labour and environmental provisions be added to the agreement, meant that the EAI lost its most vociferous proponent and became orphaned within the United States’ wider policy framework.

\textsuperscript{164} Tulchin, “The Enterprise for the Americas Initiative” 154.
\textsuperscript{165} Carranza, \textit{South American Free Trade Area or Free Trade Area of the Americas} 108.
From the Latin American point of view, the difficulty of implementing the EAI as well as the heated debate over NAFTA served as important lessons in their interactions with the United States when it came to the FTAA negotiations. Notably, it was one thing for the president to state a policy goal in a speech; it was quite another to push legislation through the departmental framework of the executive and Congress. The adoption and/or lack of fast-track legislation became an important point of contention between the American negotiators and the rest of Latin America. At a political level, the United States leadership position within the hemisphere was severely constrained with the absence of fast-track authority. In the early stages of the FTAA negotiations, this allowed states like Brazil to extract certain concessions, particularly in terms of the institutional framework of the FTAA negotiations and the so-called early harvest provisions, which would have put in place certain clauses of the FTAA before the completion of a final agreement. The institutional and ideological contradictions that existed over free trade within the American state shifted the terrain and helped to reduce, to a relative degree, the structural power differential that existed between it and Latin America during the negotiations. However, the absence of fast-track authority was not in itself the determining factor in the outcome of the negotiations, as the fundamental work being done at the core of the FTAA negotiations, within the working and negotiating groups, was progressing at a rapid rate when the controversy over fast-track negotiation was at its peak.

3.5 Hemispheric Integration in the Early Phase of Clinton’s Presidency

Despite significant sectors within his own party which opposed the passage of NAFTA and the Uruguay Round of the GATT, Clinton reiterated a commitment to hemispheric trade following his election. As did his predecessor, he continued to link NAFTA with the future integration of the Americas. For example, in November 1993, he asserted that his administration would use “the Mexican precedent to
The President of the United States was determined to go into the whole rest of Latin America, to have a trading bloc of well over 700 million people.\footnote{166} However, Clinton differed in his embrace of hemispheric free trade, as his disposition towards the issue was more pragmatic and strategic in contrast to his predecessor’s wholesale ideological commitment to liberalization. Accordingly, the EAI was relegated to the background of his policy priorities, and a comprehensive hemispheric strategy on Latin America was not elaborated until the adoption of the FTAA at the first Summit of the Americas in 1994.\footnote{167} This more piecemeal and strategic approach to hemispheric integration adopted by Clinton was accompanied by a sense in Latin America and in the American bureaucracy that his administration did not hold the same commitment to the region as that of his predecessor. This assumption was cultivated by the fact that his nominees to key foreign policy positions within his executive had little or no experience with Latin American affairs.\footnote{168} Nor was this perception helped, for example, when Clinton’s Secretary of State, Warren Christopher, was reported as viewing Latin America as “a carbuncle that…could be lanced so that it would go away.”\footnote{169} The Clinton administration’s more strategic and lukewarm approach towards hemispheric trade was accompanied by a commitment to introduce labour and environmental standards in trade agreements, which would be essential for obtaining fast-track authority from Congress. Although economic liberalization would in reality become the centerpiece of the Clinton administration’s relationship with the Americas, something that represented a definite continuation from his predecessor, much more emphasis was placed on ancillary issues such as education and poverty reduction. This modification was both strategic, as it assuaged to a certain degree some the more trade-skeptic elements within the Democratic Party such as

trade unions, and ideological, as Clinton believed liberalization to be quite consistent with these larger social goals. For example, Clinton explained in an interview with the New York Times:

See, I think that the commerce thing, I think it’s been wrongly positioned as choosing money over values. It seems to me that if America is in the center of these emerging networks, it dramatically increases our leverage to work with people for peace, for human rights and for stability in the world.  

This modification would be integrated within the structure of inter-American relations in the Summit process as well as into the content of the FTAA negotiations. Attempts by the Clinton administration to include provisions on labour and the environment followed, but would be blocked by the protests of certain Latin American countries.

Clinton’s commitment to free trade was tested early within his presidency as he inherited from George H. W. Bush the task of passing NAFTA through Congress. This was done with much difficulty and at considerable cost to his political capital. Opposition to the trade agreement from environmental and labour groups percolated into Congress and rendered ratification uncertain. Congressional Democrats, who depended largely on labour and environmental groups for support, mounted a campaign against the ratification of NAFTA. It was only after much bargaining and the creation of environmental and labour side-agreements that Clinton was able to get enough congressional support to ratify the agreement. Clinton’s commitment to extending NAFTA into the rest of the Americas was tested even before it was originally ratified in November 1993. Chile pressed the U.S., through diplomatic pressure and a presidential visit in April of that year, to follow up on their promise to eventually incorporate it within NAFTA. However, although Clinton was partial to Chile’s request, his administration faced stiff

---

Congressional opposition to such a move. Moreover, divisions within the executive developed, regarding whether it was strategic to pursue bilateral and regional agreements outside of the Uruguay Round that also had yet to be ratified. In view of this opposition, Clinton opted for a promissory note that envisioned expanding NAFTA into the rest of the Americas. Similar to concerns raised by Chile, the countries of the Caribbean and Central American nations complained to Clinton of the potentially negative effects of trade diversion from their economies to Mexico in view of NAFTA. They found a sympathetic ear in Clinton, and were accorded an Interim Trade Program (ITP), as a bridge towards the eventuality of NAFTA accession, granting NAFTA parity on textiles and apparel. The demands made by Chile as well as Caribbean and Central American states, would contribute to the sense of a seeming consensus in the Americas concerning free trade, but also highlighted the difficulty the United States would have in formulating a clear and unified position on the matter.

3.6 The Preparatory Stage of the Negotiations

Following the passage of NAFTA, Clinton proceeded to announce an inter-American summit that was to take place in a year. However, the free trade component of the agreement was not announced until one month before the summit. This was due to what was believed to be a hostile climate to the expansion of free trade in view of the heated debate that had taken place surrounding NAFTA. Furthermore, it was believed by the USTR that announcing a free trade agreement that would expand NAFTA into the rest of the Americas would take attention away from the GATT negotiations, which the USTR believed to be of greater importance. However, there were some advocates for such an agreement within the state, particularly in the Treasury Department. It was made known that Latin American countries would consider the summit a failure, and would react to it as such, if no free trade agreement was announced.

---

This was confirmed by a U.S. diplomatic tour around the Americas.

Eventually, Clinton and the rest of his cabinet decided that the launch of such an agreement was an inevitable eventuality, and proceeded to elaborate the content to be discussed for such an agreement. An important issue that needed to be determined was whether the United States would agree to a specific end date. Clinton and his staff were afraid that an end date could be used by other countries to increase their influence and win undue concessions from the United States. However, in view of the growing opposition to free trade in the United States, and the growing skepticism on behalf of Latin American countries, it was felt that agreeing to an end date would demonstrate the United States’ willingness to sign an agreement. Notably, the United States initially opposed the implementation of an end date for the negotiations, while it would later have to defend it in view of efforts from countries like Brazil to delay the conclusion of the negotiations.

As the convener of the summit and the largest economy in the hemisphere, the United States was made responsible for determining the agenda of the negotiations without controversy. It was decided in the White House that, via the National Economic Council (NEC), the U.S. would be in charge of the summit in order to move the process more rapidly through the state infrastructure, rather than charging the more cumbersome State Department with the task. This was further motivated by an objective of operating outside of the OAS, which was an all-party forum dominated by the foreign ministries of the hemisphere. It was believed that this would augment the technical proficiency of the negotiations and would avoid the politicking and the political platitudes that the White House believed to be typical of the OAS. Furthermore, the Clinton administration wanted to avoid unilaterally imposing an agenda, such as with the EAI. The administration proceeded to consult the hemisphere’s other countries in order to gain some ‘buy in’, and the new negotiation structure envisaged engaging Non-Governmental Organizations

(NGOs) for expertise on different items. The United States proceeded to consult the states of the region in their sub-regional groupings on the political and social aspects of the summit according to this approach. This approach of decentralized “cascading multilateralism” was conceived so that clusters of countries could focus on different issues, such as sustainable development, which would encourage them to become advocates of their respective issues within the broader negotiations. Latin American states were willing to indulge this approach for political and social matters, but insisted upon traditional ‘all-party’ negotiations for the FTAA to the dismay of the American negotiating team. The early stages of the negotiations demonstrated a predisposition towards trying to de-politicize the items to be discussed by presenting the different items—such as the environment, etc.—as technical matters. Traditional negotiating institutions and foreign ministries were circumvented, and technical agencies as well as NGOs were engaged. In doing so, this unique process skirted traditional concerns for sovereignty, and also curbed the ability for other states to present consistent and comprehensive positions that were representative of the entirety of a state’s interests.

An inter-agency committee decided to divide the general themes into two: around political issues, such as democracy and governance, and around economic issues, such as trade and financial liberalization. A third theme, sustainable development, was later added, and would become incorporated as a broad political theme of the summit process. Responsibility for taking care of the political themes was accorded to agencies as diffuse as United States Aid Agency for International Development (USAID), the Department of Energy, and the Environmental Protection Agency. The economic items of the summit process, however, would be driven by the White House, the USTR, and especially the Treasury Department. The institutional players that supported the economic thrust of the summit

\[174\] Feinberg, *Summitry in the Americas* 96-105.
\[175\] Feinberg, *Summitry in the Americas* 95.
process would prove to be more powerful and able to push through objectives - except, importantly, fast-track legislation. The latter would have an effect on which resolutions of the summit process would persist over the next decade.

There were two rounds of consultations over issues before the final writ was finalized for the Miami Summit in 1994. Though many of the hemispheric participants showed themselves to be receptive, some of the problems that were brought up by the sub-regional assemblages of the hemisphere would presage some later problems in the negotiations. For example, during the first round of the negotiations, the CARICOM countries complained that the United States was providing insufficient aid to their countries in view of their debt problems, and that the ITP was not as extensive as they had hoped. More importantly, the United States and Brazil clashed over the framework of the negotiations. The majority of the states in the hemisphere supported the ‘NAFTA-plus’ approach to the FTAA promulgated by the United States, yet Brazil made clear its objections to such an approach in the preparations for the Miami Summit. In fact, at a final all-party meeting before the Miami Summit, Brazil was able to pressure the removal of all mention of NAFTA in the draft. As head of the Rio Group, Brazil submitted an alternative draft that used more vague language in terms of specific commitments regarding deadlines, and deleted any mention of monitoring or disciplinary mechanisms. Most of Brazil’s language was accepted, though it was not able to block the adoption of the 2005 end date which held the support of most of its regional neighbours. These points of contention would be amplified, as the Clinton administration failed to obtain fast-track authority from Congress and growing dissatisfaction over neo-liberal policies throughout the hemisphere shifted the terrain of the debate.

---

176 Feinberg, Summits in the Americas 136-141.
3.7 The 1994 Miami Summit of the Americas

After several rounds of consultation, the first Summit of the Americas took place in Miami in December 1994. The Summit addressed four general issue-areas that included: (i) promoting and protecting democracy; (ii) economic integration and free trade; (iii) eradicating poverty and discrimination and ensuring sustainable development; and (iv) the protection of the natural environment.177 As expected, it was the launching of the FTAA that took center stage in a consensual atmosphere that launched the negotiations on a positive footing. The signature of both the Declaration of Principles and the Plan of Action was underlined by the formal launch of negotiations to incorporate Chile within NAFTA. Canadian Prime Minister Jean Chrétien famously quipped, referring to the expansion of the United States, Canada, Mexico partnership that had marked NAFTA, that: “For one year now, we have been the three amigos. Starting today, we will become the four amigos.”178 The launching of negotiations with Chile was indicative of the general consensus that the creation of the FTAA, through the expansion of NAFTA, was considered to be the blueprint through which the agreement would be reached. In fact, though direct reference to NAFTA was removed from both the Declaration of Principles and the Plan of Action, the United States negotiating team believed that it was generally understood that the negotiations would proceed along two tracks. The first track would consist of multilateral forums such as the Tripartite Committee, whose role will be further examined below, and the hemisphere’s various sub-regional arrangements. The second track would operate directly through NAFTA accession. The first track would serve as a complement to the second track, to ensure convergence and transparency, and to provide technical services to the principle NAFTA enlargement

178 Carranza, South American Free Trade Are of Free Trade Area of the Americas? 112.
negotiations. This framework was clearly advantageous for the United States, as it situated it at the center of a ‘hub and spoke’ structure which would allow it to dictate the tempo and conditions of accession.

Although the Plan of Action that was settled upon failed to establish either the specific content of the agreement or the framework of negotiations, there was agreement regarding several important provisions. For example, it states that:

We will strive to maximize market openness through high levels of discipline as we build upon existing agreements in the Hemisphere. We also will strive for balanced and comprehensive agreements, including among others: tariffs and non-tariff barriers affecting trade in goods and services; agriculture; subsidies; investment; intellectual property rights; government procurement; technical barriers to trade; safeguards; rules of origin; antidumping and countervailing duties; sanitary and phytosanitary standards and procedures; dispute resolution; and competition policy.

The final determination of what issue areas would constitute the FTAA would only be finalized at the next Summit of the Americas in Santiago in 1998. However, the Plan of Action, negotiated under the aegis of each state’s leader, placed the negotiation of the FTAA under the responsibility of the hemisphere’s ministers of trade. The Plan of Action instructed the ministers to return to existing trade and investment forums in order to determine areas of commonality and divergence between them, in order to improve them, and to make recommendations as to how best to achieve a successful negotiation of the FTAA. It also directed the Ministers, the OAS Special Committee on Trade, the IDB, and the ECLAC to begin to systematize data concerning economic activity in the hemisphere and to provide reports on existing sub-regional integration schemes. In order to facilitate the achievement of an agreement by 2005, Latin American leaders agreed to accelerate sub-regional trade agreements. A State Department

---

179 Feinberg, Summitsry in the Americas 132.
180 FTAA Secretariat, Miami Summit of the Americas Plan of Action.
181 Later in the negotiations, the OAS, IDB, and ECLAC came to be known as the Tripartite Committee, which became responsible for providing capacity building resources and to facilitate the negotiations.
official was quoted as saying: “The Latin Americans are going gangbusters over free trade.”¹⁸² The Plan of Action established that the FTAA was to be negotiated according to the principles established at the Summit of the Americas and under its broad supervision, but at the same time in a forum separate from it with its own timeline.

The fact that NAFTA was not mentioned in either Summit document meant that the actual structure of the agreement was not yet determined. Moreover, momentum that may have been capitalized on as a result of the pomp and circumstance of the Summit was slowed down by several developments that took place in its wake. One significant development was the Mexican Peso crisis, which renewed old fears in the United States about the reliability of Latin American countries as economic partners in view of the traditional perception of them as being economic wards. This was compounded by the fact that the Clinton administration turned its foreign policy attention towards the Balkans and the Middle East. Additionally, although the Clinton administration officially still sought to obtain fast-track authority from Congress, it was widely rumoured that as a result of trade fatigue the administration did not garner the resources that it could have to achieve that end. Moreover, a border dispute between Ecuador and Peru served to further dampen the enthusiasm for hemispheric integration.¹⁸³ Despite these limiting factors the negotiations continued to move forward as a result of the institutional framework that was established, one purposefully designed to resist potentially de-stabilizing events.

3.7.1 The Institutional Framework of the Negotiations

Initially, the documents released both by the Summit of Americas and the Ministerial Meetings in the early 1990s were essentially framed by neo-liberal concepts and language. These documents

¹⁸³ Diestler, “The United States and a Free Trade Area of the Americas” 399-406.
elaborated a blueprint to remake the entire hemisphere according to the policies of the Washington
Consensus. The neo-liberal framework of the negotiations manifested itself in a way that both envisioned
and separated political and economic spheres of decision-making in the content and framework of the
negotiations.\textsuperscript{184} This separation took place on two levels constituted by: (a) the formal separation between
the more politically and socially oriented summit process and the FTAA, and (b) the two tracks of
negotiations that constituted the overall FTAA negotiations. On the first level, political considerations,
which included provisions such as poverty reduction and the consolidations of liberal democracy, were
designed to be dealt with in the forum of the Summit of the Americas. Contrary to the political portion of
the negotiations, no formal institutional framework was established to ensure the implementation of the
Declaration of Principles and Plans of Actions that were agreed upon at the summits. In fact, few
resources were devoted to the goals agreed to at the Summits, and, consequently, little progress was ever
made in terms of achieving them. The governance framework through which the decisions made at the
Summits were managed was through the traditional mechanism of the OAS, which was not noted for its
managerial acuity.\textsuperscript{185} It was generally through the framework of the Summits that the United States and
several other countries such as Canada and Chile sought to engage the social movements of the Americas
and specifically civil society organizations.\textsuperscript{186} Accordingly, the Summit process became the public face of
hemispheric integration with a particular focus on social and political issues, and through which the broad
problems facing hemispheric integration would be managed.

The FTAA negotiations were separate from the Summit meetings and were delegated to the
ministerial level. However, it is important to note that ministers were ultimately responsible to their heads
of states, and that the Summit process in general served to monitor the progress in the FTAA negotiations.

\textsuperscript{184} Jean Grugel “Regionalist Governance and Transnational Collective Action in Latin America” 217.
\textsuperscript{185} Feinberg, Summitry in the Americas 44.
\textsuperscript{186} Smith, “El Movimiento Doble” 48.
The formal monitoring and support mechanism, the Tripartite Committee, was composed of the OAS, the IDB, and the ECLAC. This further removed political scrutiny and attention over the negotiations as they were all non-state international organizations.

The second level of negotiations referred to above was constituted by the two tracks of negotiations within the FTAA. The United States, before the first Summit of the Americas, originally envisioned the negotiations as proceeding along two tracks: the first track would consist of multilateral engagement through the Tripartite Committee and coordination between the hemisphere’s different sub-regional agreements, and the second, more important, track would consist of the different negotiations required to accede into NAFTA. At the Miami Summit of the Americas, the United States was not able to get the rest of the participating states to commit to the resolution that NAFTA be the central hub of hemispheric integration, but continued to promote that option until it was officially put aside at the 1998 San Jose Ministerial meeting in favour of a more multilateral framework. Nevertheless, at the 1994 Summit of the Americas, the United States’ negotiators were able to get participants to agree to the establishment of two tracks by moving the route to integration controversy regarding NAFTA onto one track and creating a second more ‘technical’ track. The first track constituted the continued practice of ‘open regionalism’ through the integration and deepening of existing sub-regional schemes. The decision as to whether the ‘NAFTA-plus’ approach would be eventually adopted as a final step to integration following the deeper integration of existing sub-regional agreements was deferred. The Plan of Action explained:

While pursuing economic integration and free trade in the Hemisphere, we reinforce our strong commitment to multilateral rules and disciplines. We endorse full and rapid implementation of the Uruguay Round, active multilateral negotiations in the World Trade Organization, bilateral and sub-regional trade agreements, and other trade arrangements that are consistent with the provisions
of the GATT/WTO and that do not raise barriers to other nations.  

It was within this track that most of the controversies surrounding the negotiations would be addressed. However, somewhat removed from the first track, the Miami Summit of the Americas’ Plan of Action set up a second track of negotiations through the establishment of groups to study several issue areas that were eventually transformed into working groups at the Denver Ministerial Meeting in 1995, and that were officially transformed into negotiating groups at the Santiago Summit of the Americas in 1998. As a United States Congressional Issue Brief from 2001 explained, if one focused upon the first track, it seemed as though the negotiations were facing difficulties from the outset; if one focused upon the second track, it seemed as though negotiations were proceeding smoothly and according to plan. The second track of the negotiations essentially became the spine of the negotiations towards a free trade area of the Americas, and that held the process together in view of difficulties that afflicted the negotiations during different periods. Negotiators were able to cultivate a technocratic and de-politicized atmosphere within this track that focused on the technical details of the agreement rather than their wider political ramifications. However, progress in the second track would eventually slow down after 2003 with the growing presence of dissenting voices and the de-prioritization of the agreement by certain states.

The Miami Summit’s Plan of Action scheduled four ministerial meetings before the next Summit in Santiago in 1998. This portion of the negotiations was established as the preparatory stage before the formal launch of the negotiations. Thus began the execution of the tasks set out in the Plan of Action for the hemisphere’s governance structures, particularly the Tripartite Committee, and states. In the early stages of the negotiation there were two broad tasks. This first task included gaining agreement to a negotiating structure that would be put into action once the formal negotiations were launched. It was this

---

187 FTAA Secretariat, Miami Summit of the Americas Plan of Action.
188 Ahearn, “Trade in the Americas” 5.
portion of the negotiations that proved to be the most contentious, and part of the first track of the negotiations outlined above. The second task included the ambitious goal of compiling data on the hemisphere’s economic regulations and statistics, with the aim of negotiating the agreements with a common database. This task was situated within the second track of the negotiations and was generally facilitated by the Tripartite Committee. Although not as visible and controversial as the first track, it was perhaps more important, as it set out to establish the content of the agreement, and largely progressed without much interruption.

3.8 The 1995 Denver Ministerial Meeting

The first signs of conflict made their appearance in Denver, after Canada led a group of nations, including Chile and Argentina, in seeking to accelerate the pace of negotiations, perceiving an opportunity to add momentum to the process. Brazil riposted with its customary caution against such a motion, its foreign minister arguing, “we've got ten years, let's use them.” In addition to the squabbles over the timeline of the negotiations, Brazil made it clear that it wished to further consolidate MERCOSUR in order to form a southern bloc to negotiate with North American countries, with the aim of increasing its influence. However, at this stage of the negotiations, the implication of these points of friction for the ‘NAFTA-plus’ strategy were unclear. Despite these initial signs of reticence, Jorge Carranza explains that there was still the sense that integration would be achieved, either through the dissolution of sub-regional blocs in order to negotiate admission to NAFTA, or through the strengthening of sub-regional agreements in order to prepare member countries to enter NAFTA. However, over the

---

191 Carranza, South American Free Trade Are of Free Trade Area of the Americas? 112.
next two years, integration through sub-regional convergence would actually come to be defined as an alternative to, rather than an extension of, the ‘NAFTA-plus’ strategy.

Other tensions were expressed by the states with smaller economies in the Caribbean and Central America, led by Jamaica. They began to demand that integration and tariff reduction be set at a different pace for smaller economies. The United States relented and agreed that a working group would be formed to study the issue. Mickey Kantor, the US Trade Representative, declared that in relation to differentiated treatment, though the states of the hemisphere had “all agreed to a single undertaking,” special treatment would be tolerated. Smaller economies, particularly Caribbean countries, would continually advocate for special consideration throughout the rest of the negotiation to varying degrees of success. Their weight, however, would be amplified as the United States’ grip on the negotiations began to wane.

Despite these initial grumblings made by certain states, limited progress was made at the Denver Ministerial Meeting. The issue-areas delineated at the Miami Summit of the Americas were transformed as planned into formal working groups, which were provided with specific instructions as how to proceed. Additionally, the ministers agreed to a series of baseline principles that were to guide the preparatory stage of the negotiations. These principles included: (i) the resolution that the negotiations be balanced and integral; (ii) that existing bilateral and sub-regional agreements be used to widen and deepen hemispheric integration; (iii) that participants strive to reach an overall compromise that includes mutual rights and obligations; and (iv) that there be compatibility between FTAA and WTO rules. Broadly, the business of preparing the ground for the formal launch of the negotiations seemed to be going according to plan. Nonetheless, the tensions exposed revealed those that had also marked the 1994 Miami Summit.

---

194 Carranza, South American Free Trade or Free Trade Area of the Americas? 117.
Differential treatment within the framework of the agreement would ultimately be achieved with the adoption of the ‘FTAA à la carte’ framework in 2003. The 1996 meeting saw these tensions increase.

3.8.1 The 1996 Cartagena Ministerial Meeting

In the period preceding and following the Cartagena Ministerial Meeting of 1996, the balance of power within the negotiations began to shift, as the Clinton administration failed again to obtain fast-track authority from Congress. Negotiations to conclude an FTA with Chile were put on indefinite hold. Conversely, Brazil began to clearly articulate its preferred integration mechanism, which included the gradual convergence of existing sub-regional agreements rather than a convergence towards NAFTA. Significantly, this alternative negotiating framework removed the United States as the central hub of the agreement, as participation in the FTAA no longer hinged on formal inclusion into NAFTA. Due to the likely difficulty of obtaining fast-track authority from Congress, the United States gradually relaxed its position vis-à-vis its preferred negotiation framework. In fact, Warren Christopher, the American Secretary of State, during a tour of South America that year, stated that MERCOSUR represented a valid “transitional” building block towards the FTAA.\textsuperscript{195} Although no strategy was officially adopted at the Cartagena Conference, as a decision on that matter was deferred, there were many statements made by American officials that the United States had abandoned its “NAFTA-plus” strategy. For example, U.S. Commerce Secretary Ron Brown stated after the conference that: “We cannot wait for NAFTA to spread throughout the hemisphere, because that route would be extremely slow.”\textsuperscript{196} This consternation was modified as the American delegation felt compelled to reiterate its commitment to the FTAA at the end of

the conference. It stated that short-term problems with Congress should not cloud the fact that the Clinton administration was committed to the FTAA in the long-term.\textsuperscript{197} To put an end to the debate surrounding the structure of the negotiations, the delegates called on all parties to make concrete proposals on the matter, to be reported back at the next ministerial conference in Belo Horizonte.\textsuperscript{198}

Another point of contention between the United States and Brazil, which had the backing of the rest of Latin America, emerged over the possible inclusion of a labour and environmental standards working group. The Clinton administration believed that the addition of such a working group would facilitate the task of obtaining fast-track authority as it would placate members of Congress close to organized labour in the same way that the addition of such provisions for NAFTA facilitated its ratification by Congress. However, Latin American countries viewed the inclusion of such a working group with suspicion. They believed that the inclusion of labour and environmental provisions would provide the United States with an indirect protectionist mechanism. Chile was willing to include language on such provisions, primarily through a possible side deal, but other Latin American states were unequivocal in their rejection of any concessions related to them.\textsuperscript{199} The debate as to whether to include environmental and labour standards was settled in Latin America’s favour at the San Jose ministerial meeting, and would further signal the loosening of the United States’ grip on the negotiations.

Despite the increasing prominence accorded to the debate over the structure of the negotiations, the negotiators proceeded with the planned business of the conference. The working groups established in Denver returned with their assigned reports, which quickly led to the realization among the delegates that there was uneven progress in each of the working groups in terms of information and data gathering.

\textsuperscript{197} “Regional Trade Ministers Review Progress In Construction of Hemispheric Free Trade Area.”
Additionally, the ministers agreed to add five more working groups to the earlier eight, pertaining to
government procurement, intellectual property rights, services, competition policy, and dispute resolution.
Because of these diverse factors, a final decision as to when formal negotiations would begin was
defferred until the next ministerial meeting in 1997.200

Another significant development at the Cartagena Ministerial Meeting was the organization of a
Business Forum that took place before the ministerial conference. It was organized to allow businesses
from throughout the hemisphere review the FTAA process and facilitate the creation of unified
recommendations for it. The 1200 participants at the Business Forum that occurred right before the
Ministerial Meeting in Cartagena put forth sixteen proposals to the ministers, most of which were
adopted. The most important recommendation called for direct private sector participation in the
negotiations.201 In response to this demand, the ministers agreed to create a permanent forum for private
sector involvement.202 The Ministerial Declaration indicated that the ministers “consider the inputs from
stakeholders of our civil societies to be important to our deliberations, including those from the labor
sectors.”203 However, it was clear that the private sector had privileged access to the negotiation process
itself while other sectors were effectively shut out from the negotiations, which would become a subject
of contention at the following Ministerial Meeting in Belo Horizonte.

3.9 The 1997 Belo Horizonte Ministerial Meeting

The tension between the United States and Brazil over the structure of the negotiations came to a
head at the 1997 Belo Horizonte Ministerial meeting. The Brazilian press declared its proceedings to have

200 FTAA Secretariat, Cartagena Summit of the Americas Second Ministerial Trade Meeting Joint Declaration.
201 North-South Center, Free Trade Area of the Americas: Private Sector Recommendations on Advancing Western
Hemispheric Trade (Miami: University of Miami North-South Press, 1996) v-viii.
202 “Regional Trade Ministers Review Progress In Construction of Hemispheric Free Trade Area.”
203 FTAA Secretariat, Cartagena Summit of the Americas Second Ministerial Trade Meeting Joint Declaration.
been a diplomatic victory for Brazil and a complete humiliation for the United States. What really occurred, however, was less dramatic, as all of the parties parted with an agreement to make significant progress in the negotiations before the end of the decade. The negotiations were to be officially launched at the Santiago Summit of the Americas that was to take place the following year. As addressed in chapter 6, Brazil’s strategy at this point was not to bring down the negotiations, nor to reject neoliberalism, but to facilitate its insertion into the global capitalist economy under what it considered to be the best terms for as many sectors of its domestic economy as possible. Consequently, the Brazilian delegation sought to delay the negotiations as much as possible, to allow vulnerable sectors of its own national economy, particularly the industrial sector, to better adapt to increased competition. In order to achieve this goal, Brazil tried to increase its influence at the negotiating table, notably to ensure that an agreement include reciprocity by the United States, by advocating for the sub-regional integration framework rather than the NAFTA-plus framework advocated by the United States.

However, Brazil’s position towards the FTAA and liberalization would shift fundamentally following the economic crisis that afflicted its economy in 1999, by becoming more unyielding in its insistence upon the elimination of agricultural subsidies. Tellingly, despite entanglements with the United States over the framework of negotiations, MERCOSUR countries, at the behest of Brazil, wanted to demonstrate their continued support for the FTAA. They did so by including a strong statement of continued support for the process and the principles declared at the Miami Summit of the Americas.

The 1997 Ministerial Meeting did not begin well. The tone was set by criticisms leveled at the

---

The draft declaration prepared by the deputy ministers of the hemisphere by the United States Trade Representative, Charlene Barshefsky. Barshefsky argued that the draft continued to situate the negotiations in a “half-way zone”, and proceeded to threaten to leave the negotiations if not enough progress was achieved at the meeting. These comments were prompted in part by a proposition by the Brazilian delegation that the negotiations be conducted in a staggered manner, leaving more contentious issues such as tariff reduction to be negotiated closer to the 2005 deadline. It posited that MERCOSUR countries that were facing increasing trade deficits needed to increase their competitiveness before reducing their tariffs. However, the MERCOSUR countries, which, according to an American trade official, were better organized than at previous meetings, were able to stick to their position. In the end, the staggered approach put forth by the MERCOSUR countries was not adopted. However, other principles advocated by Brazil were adopted, indicating a shift in the negotiating process. These principles included making consensus the fundamental decision-making principle, and recognizing that the FTAA could co-exist with sub-regional and bilateral trade agreements. Finally, the ministers agreed that the structure of the negotiations, as well as the content, would be finalized no later than the San Jose ministerial meeting that was to take place the next year. The conflagration between the United States and Brazil was further dampened by the fact that the work performed in the working groups was progressing as expected at this stage of the negotiations. The documents requested by the ministers were submitted and then reviewed at the meeting.

209 Christie “MERCOSUR Hails Americas Trade Talks Win Over U.S.”
210 FTAA Secretariat, Belo Horizonte Summit of the Americas Third Ministerial Trade Meeting Joint Declaration.
Brazil was able to extract concessions from the United States and rallied other Latin American
countries to its cause by exploiting the fact that the United States did not have fast-track authority.
Barshefsky argued that the lack of such authority should not pre-empt negotiations as the Uruguay Round
of the GATT was negotiated for the most part without it, and was eventually ratified. An official with
the USTR indicated that fast-track authority would have done little to improve the cadence of the
negotiations, or to satisfy Latin American demands, as the main thrust of the negotiations during the
preparatory stage was the immense task of gathering data and information on the economies of the
hemisphere. Further, building the capacity of the smaller economies of the hemisphere remained a
challenge, with the aim to enable them to negotiate an agreement as complex as the FTAA. However,
Latin American countries persisted with their fixation on fast-track authority, which was certainly
augmented by past disappointments. The Clinton administration’s inability to obtain fast-track authority
from the Republican-controlled Congress that year did little to assuage their apprehensions. This was a
reality that Brazil was able to exploit in order to derail the sense of inevitability that the negotiations
would proceed with a NAFTA-plus approach, and according to dictates of the United States’ delegation.

Two developments at Belo Horizonte revealed that the ideological consensus that had formed the
basis of the FTAA was becoming more precarious. Firstly, the Caribbean bloc of countries expressed
concern that reducing tariffs would prove disastrous for smaller countries and requested that a grace
period be accorded to them along with financial and technical resources. At a preparatory meeting for the
Belo Horizonte Meeting, smaller economies expressed distress that their demands were being

212 Carranza, South American Free Trade Are of Free Trade Area of the Americas? 117
213 Karen Lezny, Deputy Assistant United States Trade Representative (1993-2010), interview by author, 25
September 2009, written notes. Washington, D.C.
overshadowed by disputes between the United States and Brazil. Secondly, civil society organizations that were not business organizations began to agitate in a visible manner for greater influence over the course of the negotiations. A parallel forum named Our America was organized by agrarian, labour, social, and environmental groups for that purpose. The hemisphere’s principal labour organization, the Inter-American Regional Organisation of Workers (ORIT), demanded official recognition for labour within the FTAA institutional framework in this context. Labour’s demand for a labour forum attached to the FTAA negotiations was introduced by Brazil and backed by numerous countries including the United States, which believed that such a measure would help to quell domestic opposition to the agreement, and was vetoed by a group of countries led by Mexico. The states that vetoed the inclusion of a labour forum believed that the inclusion of labour standards within the FTAA would amount to a *de facto* protectionist measure by mitigating their comparative advantage in terms of the relatively inexpensive cost of labour within their countries. Despite this setback, this new alliance composed of the hemisphere’s major labour organizations vowed to organize a ‘People’s Summit of the Americas’ to parallel the second Summit of the Americas in Santiago. Mobilization by social movements throughout the Americas would become a staple of subsequent meetings, whether they were ministerial meetings or Summits. Although these mobilizations were considered to be a mere nuisance by negotiators within the official negotiations, they would eventually have an impact on the political disposition of the negotiators at the table.

---

3.10 The 1998 San Jose Ministerial Meeting

The 1998 Ministerial Meeting in San Jose was fundamental as it finalized the procedures, structures, goals, content, and locations of the negotiations. This was achieved largely through significant concessions made by the United States in view of several factors. Firstly, there was a sense that the United States, as a pole of attraction for economic integration, had been somewhat weakened, reflected in part by the growing number of FTAs that were being signed by the other countries of the Americas. In terms of countries in the Northern hemisphere, Chile was able to sign free trade agreements (FTA) with Mexico in 1991, and Canada in 1996, and an FTA with Central American countries would eventually be signed in 1999.\(^{217}\) Furthermore, the United States was growing increasingly wary of the free trade negotiations in which MERCOSUR was engaged with the EU. In fact, Bill Clinton began directly to address criticism towards MERCOSUR’s focus on other integration schemes.\(^{218}\) It became apparent that the United States wanted to re-position itself at the centre of the negotiations even if it meant putting aside some of its objectives. Additionally, there was talk that the Asian financial crisis that affected several of the countries with which the United States was engaged in the Asia-Pacific Economic Cooperation (APEC) negotiations, re-emphasized the importance of the Latin America economies which had not yet been affected.\(^{219}\) In the least, the continued absence of fast-track authority constrained the United States’ ability to direct every aspect of the negotiations.

The United States strived to advance a series of items at San Jose that were not well received. In

the midst of a call by business groups and academics to advance the deadline to 2003, the United States unsuccessfully pushed for ‘early harvest’ provisions, which called for the early implementation of certain items. Additionally, as a result of the continued deadlock over fast-track authority, the United States reintroduced the need to balance trade with labour and the environment, and for the creation of a working group to that end. In relation to labour and the environment, MERCOSUR countries, with the support of other Latin American countries such as Mexico, were also able to make the United States back down. MERCOSUR countries insisted that those measures were separate from the negotiations and should be dealt with in different forums. This opposition was supported by Latin American businesses that came out strongly against such measures at the Business Forum, and that expressed worry that businesses influence would be diminished if the measures were adopted. A compromise was struck at the end of the conference whereby members of civil society, including labour and environmental groups, would be able to present their views on trade, if they were given in a “constructive manner” to a Committee of Government Representatives on the Participation of Civil Society (SOC). The committee was to be responsible for compiling and analyzing the views expressed by civil society and then transferring their views to the ministers for their consideration. The SOC proved to be a weak substitute for environmental and labour working groups, as it became nothing more than a symbolic entity.

Parallel to the Ministerial Meeting and the Business Forum, the Inter-American Regional Organization of Workers (ORIT) and social movements demanded that a union forum be officially

---


222 Gudino, “34 Trade Ministers Try to Make Strides Toward Pan-American Free Trade”

recognized in view of the Business Forum. Conversely, labour and social movements put the finishing touches on the Hemispheric Social Alliance (HSA) which would be formally launched at the Summit of the Americas in Santiago.\textsuperscript{224} This rise in agitation, combined with growing unease throughout the Americas towards increased liberalization, led to a growing awareness of the need to address these external pressures. Counter-hegemonic forces were starting to be expressed in earnest around the official negotiations. Growing opposition to free trade from Democrats and Republicans in the Congress, as well as trade union mobilization in the United States from the American Federation of Labour-Congress of Industrial Organizations (AFL-CIO), led Barshefsky to state before the Santiago Summit of the Americas that “the greatest threat to hemispheric integration is not the difficulty of negotiations but a loss of public confidence in free trade.”\textsuperscript{225} As previously mentioned, the compromise position was to create the SOC, which did little to calm the discontent expressed towards the FTAA, and which would come to symbolize the closed and state-centric nature of the negotiations.

Over the same time period, Brazil and the other MERCOSUR countries were pushing to create a formal negotiating group for agriculture. As agriculture was a major export for Latin American countries, this issue would increasingly become the center of conflict with the United States. In fact, Brazil, as a result of transformations in its political economy over the course of the negotiation process, would increasingly render its commitment to the FTAA conditional on the United States making concessions on agriculture. The United States and Canada initially opposed creating an agriculture negotiating group; they argued that the issue should be negotiated in the broader context of market access in order to

\textsuperscript{225} Danielle Knight, “Trade-Environment: U.S. Pushing Eco-Agenda at Americas Summit” Inter Press Service, 10 April 1998, Stauffer Library, Queen’s University, 11 February 2009 <www.factiva.com >.
encourage greater concessions on all tariffs from every country. In the end, however, the United States and Canada agreed to the creation of an agriculture negotiating group to be chaired by Argentina.

Despite these difficulties, a basic framework for negotiation was agreed upon in San Jose. The basic guiding principles of the negotiations, which applied to the first track of the negotiations outlined above, included that: (i) decision-making was to be based on the principle of consensus; (ii) that the final agreement was to be consistent with the WTO; (iii) that the agreement was to coexist with bilateral and sub-regional agreements, and that; (iv) the agreement was to be comprehensive and a single undertaking. In terms of the second track of the negotiations, the working groups were to be transformed into negotiation groups and were streamlined from thirteen to nine. Furthermore, parties agreed that the different negotiation groups would advance at their own pace, but would be monitored by the Trade Negotiations Committee (TNC). The TNC was also entrusted with ensuring that all countries participated in the negotiation process, and in particular to ensure that the concerns of smaller economies were taken into consideration. The working group on smaller economies was transformed into the Consultative Group on Smaller Economies (CGSE), which was responsible for monitoring the FTAA negotiations from the point of view of the interests of smaller economies, and for reporting these concerns directly to the TNC. The role of the Tripartite Committee during the preparatory phase was officially acknowledged. Its continued participation in the FTAA negotiations was formally requested, particularly


[227] The working groups that were transformed into negotiation groups included market access; investment; services; government procurement; dispute settlement; agriculture; intellectual property rights; subsidies; antidumping and countervailing duties; and competition policy.

[228] The Working Group on Smaller Economies was transformed into a Consultative Group on Smaller Economies with the responsibility to “follow the FTAA process, keeping under review the concerns and interests of the smaller economies; and will bring to the attention of the TNC the issues of concern to the smaller economies and make recommendations to address these issues.” Additionally, the Working Group on Customs Procedures and Rules of Origin, and the Working Group on Standards and Technical Barriers to Trade were merged into the Working Group on Market Access in order to streamline the negotiating process. FTAA Secretariat, San Jose Summit of the Americas Fourth Ministerial Trade Meeting Joint Declaration.
in providing technical assistance to member countries with smaller economies. The chairs of the different negotiating groups were distributed in order to ensure regional representation and balance. The rotation of the Chairmanship of the FTAA was also agreed to according to strategic interests. Canada would start off being the chair followed by Argentina and Ecuador, but the United States and Brazil were nominated to be the agreement’s final co-chairs, which was obviously a ploy to pressure both countries to reconcile their differences in the final and decisive phase of the negotiations. However, as will be examined below, the nature of the conflict between Brazil and the United States shifted by the time that their co-chairmanship was to come into being.

3.11 The 1998 Santiago Summit of the Americas

The 1998 Summit of the Americas that took place in Santiago was relatively uneventful as it was meant as a formality to sign the San Jose Ministerial Declaration. Nevertheless, tensions continued to simmer over the United States’ lack of fast-track capacity. In view of this lacuna, the United States negotiating team believed the Summit to be a success, as the negotiations were launched along with a concrete structure in which the agreement was to be negotiated. As Xirinach-Salazar explains, despite tensions between Brazil and the United States, the technical aspect of the negotiations had progressed according to plan. However, the 1998 Summit was significant regarding developments outside of the official negotiations. It was the first massive mobilization of social movements that occurred in conjunction with the FTAA negotiations. Arguably, this would augur a shift in the tone of the negotiation, which was matched by the election of Hugo Chavez Frias in Venezuela later that year. This launched, in effect, an electoral wave of leftist governments in Latin America, which continued to reflect a rising challenge to U.S. hegemony. Opposition would build both within and outside of the negotiations,

229 FTAA Secretariat, San Jose Summit of the Americas Fourth Ministerial Trade Meeting Joint Declaration.
manifestations of the ‘crisis of authority’ in the Americas in which conflicts over the structure of the FTAA negotiations would be expressed. There remained, however, a general sense of acceptance of the underlying desirability and inevitability of the agreement. But the ideology underlying the content of the agreement would increasingly come under attack, shifting the terrain of the discourse surrounding the agreement, and opening up the ‘technical’ sphere of the negotiations to contestation.

The HSA was still in its infantile stage at the Santiago Summit of the Americas, and would grow rapidly in the next few years from its base in North America into the rest of the Americas. In a short period of time, it would come to include social movements or ‘outsider’ civil society organizations from throughout the Americas. The manner in which the HSA organized, and the demands it put forth, meant that it would never successfully be incorporated within the institutional confines of the official FTAA negotiations. Its first step was to formulate an “Alternative of the Americas” document, which was eventually presented to the official negotiations. Beyond the HSA, Fidel Castro, at an International Women’s Solidarity Meeting in Havana, leveled harsh words at the FTAA, explaining that that it would enhance the “hegemonic dominion” of the United States and render Latin American and Caribbean countries more dependent on the United States. Essentially, Castro argued that the FTAA would be one more institutional mechanism through which the United States could dominate Latin America. At this point in the negotiations, Cuba was the only state in the hemisphere that was making the same criticism that civil society organizations were making. As the negotiations progressed, Cuba would be joined by Venezuela in terms of formulating a comprehensive critique of the neo-liberal basis of the agreement, which would eventually lead to the creation of the Bolivarian Alternative of the Americas (ALBA).

Furthermore, there would be close, and sometimes uncomfortable, cooperation between both countries

---

231 Massicotte, “Forces d’Émancipation et Démocratie Participative dans les Amériques” 27.
and the HSA.

Interestingly, the exclusion of Cuba from the negotiations also became an issue at the Santiago Summit. The United States forcibly argued at the Miami Summit of the Americas that only “democratic” countries were to be accepted within the FTAA negotiations. This was never completely accepted by the Latin American and Caribbean countries, and became one more point of divergence between the United States and the rest of the hemisphere. In fact, in Santiago, Latin American and Caribbean countries, as well as Canada, spoke of having a vote at the OAS over the continued exclusion of Cuba.\textsuperscript{233} Venezuela would increasingly become vocal in terms of the legitimacy of the definition of democracy promulgated by the United States, challenging the notion that such a definition would exclude Cuba from the negotiations. However, this concern did not become an issue that had the potential to put the negotiations in jeopardy.

The absence of fast-track authority remained an issue of contention at the Santiago Summit. Significantly, the host of the summit, and Latin America’s most assiduous supporter of the United States vision of the FTAA, began to openly doubt the Clinton administration’s ability to obtain fast-track authority from Congress.\textsuperscript{234} The American delegation, and indeed Bill Clinton himself, continued to insist that this did not represent an impediment to negotiations as it would only be a matter of time before fast-track authority would be obtained from Congress.\textsuperscript{235} Brazil took the opportunity to express that MERCOSUR was its priority and that it did “not want the FTAA at any price. [It wanted] an FTAA that

\textsuperscript{234} Luis Cordova, “Trade-Americas: Clinton Promises Free Trade Accord with Chile” Inter Press Service, 17 April 1998, Stauffer Library, Queen’s University, 11 February 2009 <www.factiva.com >.
fits the interests of the countries involved.” Notably, Eduardo Frei, Chile’s president at the time, advocated that poverty reduction and education should be the Summit’s themes. The Clinton administration, with its increased emphasis on reconciling social progress and trade, supported the emphasis on a social agenda. As previously mentioned, despite the persisting tensions between the United States and Brazil, there was still a sense that the negotiations could be fruitful, especially as the formal stage had been successfully launched.

As per previous meetings, the states from the Caribbean expressed ambivalence; while they were generally happy with the progress, they worried that their demands for special consideration were not being heeded. Caribbean countries expressed a general sense that they felt as though they needed to be involved in the negotiations, but that they were worried that their issues would be overshadowed by larger issues. Interestingly, Guyana’s Foreign Minister proposed the creation of a Regional Integration Fund (RIF) as a compensatory measure for integration. Such a fund had been a longstanding demand of Guyana’s Progressive People’s Party with its tiers-mondiste ideological past, despite assurances to the United States that it had embraced the free market. CARICOM countries united behind that proposal and struggled to keep it on the agenda. However, there was no mention of such a measure in the Summit’s final Plan of Action. The concept of an integration fund would eventually reappear later in the negotiations, as it would be taken up by Venezuela.

3.12 The 1999 Toronto Ministerial Meeting

The Ministerial Meeting that took place in Toronto in 1999 was also relatively uneventful as the

---

236 Brown, “South America Dazzles Summit with Free-Trade Zeal.”
United States was about to enter a presidential election, which meant that the Clinton administration was in no position to make long-term commitments or make headway in obtaining fast-track authority from Congress. The muted nature of the meeting was further indicated by the notable absences at the Meeting, including Barshevshy, who was in Washington lobbying Congress to extend trade privileges to African and Caribbean countries. Nevertheless, the work of the negotiating groups progressed as had been planned at the Santiago Summit of the Americas. Notably, progress was made on business facilitation measures, mostly in terms of streamlining customs policies throughout the hemisphere.

However, there was consternation regarding concerns that attention was going to be drawn away from the FTAA by the beginning of a new round of World Trade Organization (WTO) talks, especially for smaller countries with limited resources. Furthermore, Brazil, in view of its exchange crisis (addressed in detail in chapter 6), began to pressure the United States more forcefully on the issue of agricultural subsidies. The United States responded that it would not address the issue unilaterally, seeking reciprocity from Europe and Japan. In a show of solidarity with Brazil, participants agreed to present a common front against export subsidies on agricultural exports at the WTO meeting in Seattle. What would become the Doha Round of the WTO would increasingly bear upon the FTAA negotiations, particularly in relation to agricultural subsidies.

The momentum garnered by social movements continued at the Toronto Ministerial Meeting. Labour and civil society organizations participated in an ‘Our Americas’ forum to announce a progressive agenda for the Americas. Counter-summits and meetings with agendas clearly different from the FTAA, and outside of official channels, had now become a regular feature of FTAA meetings. However, the

---

report promised by the CGPPSC on consultations with civil society organizations did not materialize, as no agreement could be reached regarding the formulation of the agreement. Certain countries, of which Mexico was a leader, were opposed to the notion of consulting civil society as they believed that negotiating trade agreements was a sovereign matter. Controversy over the role of civil society also extended to the Business Forum as its representatives questioned the degree to which labour and environmental organizations should have a say on the FTAA. Furthermore, the Business Forum reiterated its fear that its issues would be lumped in with environmental and labour organizations without any special consideration of the interests of business. Attempts to include social movements into the fold of the FTAA negotiations with the original view of dampening their criticisms proved to be difficult, given the content of the FTAA as well as the disposition of its participants.

3.12.1 The Consequences of George W. Bush’s Election

The difficulty that the Clinton administration had in trying to obtain fast-track authority was made an issue during the preparatory stage of the negotiations, and contributed to a sense in Latin America that the United States was not entirely committed to negotiating the FTAA. In fact, during the electoral campaign, Republican Party presidential candidate George W. Bush tapped into that sentiment, by stating that Clinton had indeed “dropped the ball” on the FTAA. Once George W. Bush was elected, a sense of optimism was engendered among supporters of the FTAA, both in the United States and in Latin America, as he had made favourable comments concerning NAFTA and the importance of Latin America while he was Governor of Texas as well as following his election. His decision to part with tradition and to travel to Mexico as his first overseas trip was a purposeful message to the rest of Latin America. Robert

---

243 McPherson, Intimate Ties, Bitter Struggles 119.
Zoellick, his newly nominated USTR, explained: “President Bush’s first foreign trip was to the ranch of Mexican President Vicente Fox. The visit underscores the idea that President Bush will look south – not as an afterthought, but as a fundamental commitment of his presidency.” 244 The appointments that George W. Bush made to key economic agencies, such as the USTR and the Treasury, indicated that his worldview was consistent with his father’s; both father and son displayed ideological commitment to free trade and economic integration in the Americas. Richard Feinberg explains that there was homogeneity in terms of the economic disposition of his appointments, which would, in 2001, contribute to his obtaining fast-track authority, renamed Trade Promotion Authority (TPA), from Congress. 245 The election of George W. Bush augured in a new phase in the United States’ approach to the FTAA.

This new approach was grounded in a sense that as a result of the absence of fast-track authority in the wake of NAFTA, the United States had lost ground in terms of the amount and breadth of signed trade agreements. In fact, Zoellick complained that: “There are 30 free trade agreements in the Western Hemisphere; the United States only belongs to one.” 246 In view of this apparent loss of momentum, Bush and Zoellick launched a new ‘competitive negotiation strategy’ in order to regain control of the agenda and manage the parameters of the multiple multilateral liberalization forums in which the United States was involved. This included launching an aggressive campaign to obtain fast-track authority from Congress, and then launching several bilateral FTAs hemispherically and extra-hemispherically. The aim was to swing the momentum back towards the United States’ capacity to dominate negotiated trade relations, both in the FTAA and the WTO. According to Peter Allgeier, the deputy USTR, this new trade doctrine could be explained thusly:

The Administration’s approach is to promote free trade in our Hemisphere through simultaneous

245 Feinberg, “Regionalism and Domestic Politics” 136-137.
246 Quoted in Feinberg, “Regionalism and Domestic Politics” 141.
negotiations at the global level (WTO), regional level (FTAA), and bilateral or sub regional level. This creates a constructive competition for liberalization among our trading partners. The various negotiations are mutually reinforcing.\textsuperscript{247} Therefore, by pursuing bilateral FTAs, the United States could apply pressure on countries, such as Brazil, to be more accommodating to the United States’ demands by generating a fear of being excluded from any final agreement that involved most of the countries in the hemisphere.\textsuperscript{248}

This strategy was also an attempt to mitigate, from the United States’ point of view, the unfavourable negotiation framework that had been established in Santiago. The principles that the negotiations be part of a single undertaking and that they operate on the basis of consensus essentially amplified the influence of smaller states in the hemisphere by according them \textit{de facto} vetoes. Furthermore, the integration through the sub-regional route, rather than the NAFTA route, also allowed smaller countries to pool their resources and reinforce their collective positions as it became much more difficult to isolate them through selective enticements. The new ‘competitive negotiation strategy’ was essentially an attempt to re-emphasize the United States’ structural power in the FTAA by demonstrating its ability to obtain what it wanted. In fact, in a speech made to the Chilean-American Chamber of Commerce before the Buenos Aires Ministerial Meeting, Zoellick explained that fast-track authority would be obtained, and in view of that he stated aggressively:

\begin{quote}
The message I want to send to other nations is that the United States is willing to negotiate if they are serious about eliminating barriers. But if others cannot and will not open their markets, we will move forward on free trade without them because the goal of freer trade is too important to the well being of all our citizens.\textsuperscript{249}
\end{quote}

Consistent with this strategy was the re-emphasis on NAFTA, and the United States in particular, as a pole of attraction in the Americas through the launching of several bilateral FTAs. Overall, this new strategy worked to reinforce the United States’ structural power in some sections of the hemisphere, but, nevertheless, would have been more effective had there not been a dramatic shift in the social and political landscape of the United States.

Central to this new trade strategy was obtaining TPA from Congress, and to that effect George W. Bush asked for it during his first State of the Union address. His appointments to the executive and several strong speeches signaled to Congress and the rest of the world his intention to obtain it, and the degree of political capital his administration was willing to invest to that end. TPA was finally obtained in 2002, through concessions made to Democrats in terms of the granting of trade adjustment measures for vulnerable sectors of the economy, as well as labour and environmental provisions. However, the impact of the obtainment of TPA was mitigated by a series of protectionist measures in the form of steel tariffs and an increase in farm subsidies. This became clear during Congressional midterm elections. These measures affected the Brazilian economy particularly adversely, and further impacted, negatively, the FTAA negotiations.

The United States’ renewed interest in Latin America under George W. Bush was further disrupted by two particular foreign policy developments. The first were the events of September 11th, which turned the Bush administration’s attention away from the hemisphere towards the Middle East and South Asia. Nevertheless, although the United States focused its attention elsewhere during this period, and the region did not maintain the same level of political engagement from the George W. Bush administration, one should not come to the conclusion that the United States neglected its relationship

---

250 Feinberg, “Regionalism and Domestic Politics” 146.
with Latin America. The second related event was the United States’ growing unilateralism in terms of its policies, partly expressed through the protectionist measures mentioned above, as well as the lead up to those measures, and partly through the subsequent invasion and occupation of Iraq after September 11th. The United States’ criticism of the United Nations for its failure to back its invasion of Iraq dismayed several Latin American countries whose states valued the multilateral nature of the organization in view of their middle power status. Furthermore, it rendered the United States’ imperial role more visible in the Americas and played no small part in contributing to social mobilization against the FTAA and the United States’ role in the hemisphere. These factors would contribute to new terrain faced by the United States’ negotiation of the FTAA.

3.13 The 2001 Buenos Aires Ministerial Meeting

A TNC meeting in Lima that took place in January of 2001 was supposed to prepare the way for the Summit of the Americas scheduled to take place in mid-April later that year. However, the meeting had been so confrontational, particularly over the issue of anti-dumping, that an extraordinary Ministerial Meeting was scheduled before the Summit in Buenos Aires in early April. The meeting in Buenos Aires was also quarrelsome, but the second track of the negotiations came through and a draft agreement was nonetheless presented by the negotiating groups to the ministers. The ministers informed the negotiating groups to get a second draft completed before the next ministerial meeting.

Previous to Buenos Aires, George W. Bush invited Henrique Cardoso, the president of Brazil, to

---

252 Tullo Vigevani and Gabriel Cepulani, Brazilian Foreign Policy in Changing Times: The Quest for Autonomy From Sarney to Lula (Lanham, MD: Lexington Books, 2009) 66.
Washington in order to enlist his support for making progress on the FTAA. This signaled a shift in the United States’ negotiation of the FTAA, in an effort to defuse tension over points of contention, particularly agricultural subsidies and anti-dumping measures in the wake of the 1999 economic crisis faced by Brazil. Despite the centrality of trade as the main topic for the meeting, the leaders did not discuss the key issues directly. The conflict over anti-dumping measures that had flared up in Lima continued in Buenos Aires, as the United States held to its position that anti-dumping laws should not be up for discussion during FTAA negotiations. There was also continued tension over the issue of agriculture, as the United States maintained insistence that the issue should be negotiated at the level of the WTO.\(^\text{255}\)

Further, changes within the region affected Brazil’s role in the FTAA process. The relationship between Brazil and Argentina had deteriorated largely as the result of the exchange rate crisis in Brazil in 1999. Brazil reduced the value of its currency, which had a detrimental effect on Argentinean exports to Brazil, and contributed to the economic crisis that would affect Argentina over the next three years. Argentina, partly as a retaliatory measure to the devaluation, and partly to expand its exports to other markets, approached the United States for an FTA. Cardoso, in fact, cancelled a trip to Argentina shortly after the announcement of the FTA between it and the United States. The disjuncture between Argentina and Brazil seriously slowed the development of MERCOSUR during the period of Argentina’s economic crisis.\(^\text{256}\) However, a measure of economic stability was re-established in Argentina once it had abandoned a restrictive fiscal policy that Brazil had similarly abandoned in 1999 and implemented a series of heterodox reforms. The election of Nestor Kirchner in 2003, who campaigned on a platform of


skepticism towards neo-liberalism, signaled a reemphasis on MERCOSUR within its foreign policy to the
detriment of the United States and the FTAA. In fact, Argentina rallied to the ‘MERCOSUR plus one’
coalition that contributed importantly to the 2005 impasse at Mar del Plata.

Tensions in the midst of MERCOSUR between Brazil and Argentina were balanced with
Venezuela’s request to accede to the regional agreement. In Venezuela, Brazil gained in Hugo Chavez an
important ally in slowing down the FTAA. Chavez was elected president of Venezuela in 1998, and he
requested that Venezuela be admitted to MERCOSUR in view of growing divergences between his
country and the Communidad Andina (CA). There was a growing division within that organization among
various states, such as Colombia and Peru, which were closer to the United States’ vision of the FTAA on
one side, and states such as Venezuela and Ecuador, which began to gravitate towards MERCOSUR. Chavez stated that it was important to consolidate sub-regional agreements such as MERCOSUR before
considering joining the FTAA. He proceeded to state that the FTAA should not be used to consolidate
neo-liberalism in the Americas, and stated that it was in fact “one of the roads to hell.” This was the
beginning in the transformation of Venezuela’s position towards the FTAA, detailed in chapters 4 and 5.
This began a relationship of uneasy cooperation between Venezuela and Brazil in relation to the FTAA
that would persist and expand with the election of Brazilian President Luiz Inácio Lula da Silva (Lula) in
2002. Despite talk of competition in relation to the leadership of MERCOSUR, as well as tension over
Bolivia’s nationalization of its oil fields, Chavez and Lula developed a close relationship in terms of the

FTAA and regional integration. However, their opposition to the FTAA would of course vary in tone and degree over the next few years, as Chavez adopted a more radical position towards the agreement and sought out a closer relationship with the smaller economies in the Caribbean and among oppositional social movements in the region and internationally.

The persistent demand made by smaller economies that the differences in scale should be taken into account while negotiating the FTAA had an effect at the Buenos Aires Ministerial Meeting, as a Multilateral Investment Fund (MIF) Technical Cooperation Project was ultimately approved. The fund was to be run by the IDB, as part of the Tripartite Committee, and was mandated to facilitate the implementation of customs measures while taking into account differences in the size of economies. The MIF differed significantly from the structural compensatory fund proposed earlier by Guyana, and that was later proposed by Venezuela. In fact, the MIF would later come under heavy criticism from Venezuela for its reliance on neo-liberal assumptions, claimed to facilitate their adaptation to a future agreement rather than to address structural inequalities within the hemisphere. These same criticisms would also be leveled at the Hemispheric Cooperation Project (HCP) that would later be launched at the 2002 Quito Ministerial Meeting.

Further to the launching of formal consultations of civil society organizations at the 1999 Ministerial Meeting, the final report submitted to the ministers by the SOC was deemed to be problematic as more than half of the contributors were from either Canada or the United States, and as it was clearly dominated by private sector actors. In fact, not much was made of the report as the Ministerial Declaration simply alluded to the fact that it was received. It also instructed the SOC to continue communicating with civil society organizations so that they had a “clear perception of the development of

---

262 FTAA Secretariat, Buenos Aires Summit of the Americas Sixth Ministerial Trade Meeting Joint Declaration.
the FTAA negotiating process.”\textsuperscript{263} The ministers also instructed the SOC to develop “dissemination” measures to better inform the civil societies of smaller economies as to the potential consequences of the FTAA.\textsuperscript{264}

The attempt to establish a formal dialogue with civil society organizations fell short of its goal. The process was not entirely accepted by all of the states that participated in the negotiations. Certain Latin American states, such as Brazil, maintained that negotiating a trade agreement was a sovereign matter that should be the domain of the states.\textsuperscript{265} Furthermore, it became apparent, even to civil society organizations that were willing to cooperate, that the negotiation structure was actually based on a logic of exclusion. The FTAA’s participants were seen to be primarily interested in disseminating their message through such organizations without meaningful engagement. Nonetheless, in view of growing criticism of the democratic nature of the FTAA and its logic of exclusion, Canada tried to focus on transparency and participation for the Summit of the Americas in Quebec City, as a way of assuaging ‘outsider’ social groups associated with the HSA by trying to incorporate them within the official framework. However, the growing mobilization by ‘outsider’ groups and continued difficulty in incorporating civil society organizations that were not associated with the Business Forum mitigated the effects of Canada’s discourse.\textsuperscript{266} After Quebec City, in view of the growing mobilization of social movements outside of the formal structures of negotiations and the ever-growing disappointment of those participating within them, the discourse of incorporating civil society within the FTAA negotiations was effectively neutralized.

\textsuperscript{263} FTAA Secretariat, Buenos Aires Summit of the Americas Sixth Ministerial Trade Meeting Joint Declaration.
\textsuperscript{264} FTAA Secretariat, Buenos Aires Summit of the Americas Sixth Ministerial Trade Meeting Joint Declaration.
\textsuperscript{265} Grugel, “Regionalist Governance and Transnational Collective Action in Latin America” 218-219.
\textsuperscript{266} Smith “El Movimiento Doble” 52.
3.14 The 2001 Quebec City Summit of the Americas

The Summit of the Americas that took place in Quebec City, Canada, a week later from the 20th to the 22nd of April, marked a turning point in the negotiation of the FTAA. Paradoxically, there was the promising development that a draft, though still with numerous unresolved controversies, had been circulated and signed by the hemisphere’s leaders, and that the work of providing concrete directions to the negotiation groups had begun in earnest. Furthermore, the United States’ renewed impetus was confirmed with the announcement that it would begin negotiations for an FTA with Central American countries. Meanwhile, the first signs that an evolving ‘crisis of authority’ beyond the specific points of contention that had plagued the negotiations from the beginning, made their appearance within the framework of the negotiations. The key expression of this was the dissension of Chavez on several principles, that will be explored later, that had been considered sacrosanct to an agreement up until that point. Furthermore, the mobilization by the HSA in Quebec City indicated that the anti-FTAA movement was garnering momentum. Additionally, there was an increased emphasis on the importance of addressing poverty and social marginalization both in discussions pertaining to the FTAA and in the broader context of the summit. For example, in the days leading to the summit, Vincente Fox, the Mexican president, explained: “We want this agreement for the benefit of the poor countries in Latin America, and for the 240 million poor people. . . If the agreement is not for this purpose, frankly, it does not make sense.”

This renewed emphasis on poverty and social marginalization was a reflection of the growing awareness of the unpopularity of the agreement throughout the hemisphere as well as the growth of the hemispheric anti-FTAA movement. The summit was also marked by the persistence of bilateral tensions, beyond the United States and Brazil, as Argentina and Brazil continued to feud over each other’s

---

recent economic policies, and as the relationship between Venezuela and Colombia deteriorated over the former’s decision to ask to join MERCOSUR. Beyond these tensions, and despite the fact that fast-track authority still had not been obtained, there was renewed optimism in relation to the FTAA as George W. Bush stated that Latin America would become an important part of his foreign policy.

In addition to the explicitly highlighted points of disagreement, the Final Declaration and the Plan of Action were littered with asterisks, as Venezuela expressed its dissatisfaction with clauses promulgating representative democracy. Hugo Chavez stated that: “Representative democracy for Venezuelans has been a pitfall and our constitution obliges us to build participatory democracy.” He also made it clear that Venezuela would only join the FTAA if it was passed by a popular referendum in his country. A more radical forum of contestation had opened as a result of Chavez’s growing assertiveness against the FTAA, and this marked a turning point in Venezuela’s approach to the FTAA. After an initial period of focusing on domestic reforms, Chavez’s government would increasingly focus on foreign policy, particularly regionalism, which would become a central aspect of his government’s growing radicalization.

In fact, Mexico’s president, Vincente Fox, a consistent supporter of liberal reforms, stated that his country would not support the FTAA unless smaller economies received preferential treatment and substantial poverty reduction. Mexico, Colombia, and Venezuela, as part of their Group of 3 (G3) Trade Agreement, pledged to contribute $100 million US to a social development fund. In addition, Chavez pledged to provide credit to small businesses in smaller economies. The leaders of the G3 asked that Canada and the United States also contribute to a similar fund, and that the fund become part of the

268 Linda Diebel, “Behind the Scenes - They are Going to Quebec City to Talk Trade, but Many of the 34 Hemispheric Leaders have Scores to Settle, Too” Toronto Star, 15 April 2001, Stauffer Library, Queen’s University, 11 February 2009 <www.factiva.com >.
FTAA. They invoked the EU structural funds as a model to emulate in the Americas.\textsuperscript{270} However, lack of commitment from Canada and the United States to such a fund and for special provisions for smaller economies led Caribbean leaders to declare disappointment with the Summit. In fact, Jamaica’s minister of foreign trade declared that he had “been extremely disappointed with the seeming absence of a real commitment to the stated goal of ensuring the integration of the smaller economies in the FTAA.”\textsuperscript{271} Their concerns would eventually be heeded at the Quito Ministerial Meeting with the launch of the HCP.

The Quebec City Summit of the Americas was also marred by a major confrontation between social movements and the police in the street. Protesters were able to delay some of the proceedings as the protests came to be the focal point of the summit. It also became an important site in further defining the organizational structure and principles of the HSA, as over 5000 delegates joined the proceedings, of which 600 came from overseas. In the end, the People’s Summit of the Americas saw the submission of an ‘Alternatives for the Americas’ document. This was the first time that an organized entity articulated a clear and comprehensive rejection of the FTAA. Additionally, the Summit was characterized by unforeseen mobilization in terms of the diversity of groups and the number of protestors present.\textsuperscript{272} This document and others coming from the HSA would come to influence Venezuela’s position vis-à-vis the FTAA.\textsuperscript{273} The confluence of increased contestation and radicalization on the part of social movements presented a serious challenge to the FTAA, and an alternative to Brazil’s position of getting the best deal possible for it and the rest of Latin America. The hemispheric movement against the FTAA would not

\textsuperscript{270} Knox, “Fox says Americas Pact Pointless Unless it Includes Help for Poor.”
\textsuperscript{271} Johnson John Rose, “Jamaican Minister Makes Case for Caricom's Smaller Economies in FTAA” BBC, 19 April 2001, Stauffer Library, Queen’s University, 11 February 2009 \texttt{<www.factiva.com>}.  
\textsuperscript{272} This amounted to an elaboration of a transnational network of organizations that were able to coordinate and facilitate political strategies directly against the FTAA and, in some cases, within states. Massicotte, “Forces d’émancipations et démocratie participative dans les Amériques” 27-31.
\textsuperscript{273} Victor Alvarez, Memorandum: Venezuela ante las Negociaciones del ALCA 8-11 April 2003, Official Submission to Trade Negotiation Committee, Puebla, Mexico.
cease to grow over the remainder of the negotiations, and would become a constant companion to official proceedings.

3.15 The 2002 Quito Ministerial Meeting

The 2002 Quito Ministerial Meeting took place in the midst of Argentina’s economic crisis. The economic crises affecting South America and the resulting growing skepticism towards the policy of the Washington Consensus began to affect the positions taken at the negotiations table. Growing disenchantment towards the Washington Consensus was exemplified with the election that year of Lula in Brazil. There was some debate as to whether this represented a radical shift in that country’s position vis-à-vis the FTAA. As examined in greater detail in chapter 6, Brazil’s position towards the FTAA did not shift radically in qualitative terms, but it would become more inflexible regarding concessions on agriculture and a general decline in cooperation in the final phase of the negotiation. Nonetheless, the United States was willing to make significant concessions to make the relationship work and to bring the negotiations to a conclusion. This approach on the part of the United States, however, was not reciprocated by Brazil.

The Summit of the Americas in Quebec City would be the last one attended by Cardoso. Although Lula would refuse to oppose the FTAA during the electoral campaign, members of his party, as well as a coalition of important social movements, organized a referendum on the FTAA which ultimately rejected the agreement by a large margin. Although Lula ensured that Brazil never rejected the agreement outright or upset the United States, its cooperation within the negotiation groups would lag, and its position towards the FTAA in terms of agricultural subsidies would harden. It is also important to note that work within the negotiation groups slowed after Lula came to office, which coincided with Brazil’s co-chairmanship of the negotiations. A symptom of the immobility in the negotiation groups was that they produced very few documents after 2003. This meant that the negotiations lost their centripetal
driving force which also functioned as a mechanism to keep discourse within 'technical’ bounds and pre-empted challenges to the neo-liberal ideology that underpinned the FTAA. Emphasis shifted to the more politicized first track of the negotiations, which opened the discursive field to alternative conceptions of development and integration. This consequently advantaged Brazil with its demand for a more differentiated integration process that took into consideration the asymmetries of the hemisphere.

In addition to Lula, the chorus of voices critical of neo-liberalism was augmented with the election of Lucio Gutierrez in Ecuador in 2003. Gutierrez made his position towards the FTAA transparent, as he stated that “What is clear is that it would be suicidal for Ecuador to join the FTAA at this time.” In Quito, the United States tried to stem increased opposition to the FTAA from a growing number leftist regimes, and popular discontentment, by presenting the proposed agreement as a solution to the economic crisis affecting the countries of Latin America. Despite these efforts, opposition to the FTAA continued to augment, and would crystallize at the negotiating table over rising tensions regarding agriculture and anti-dumping.

Tension between the United States and Brazil was exacerbated by the fact that the United States had raised steel tariffs and increased agricultural subsidies. The Brazilian Foreign Minister present at the ministerial meeting made it clear that Brazil would not sign on unless the United States was willing to discuss agriculture or the anti-dumping measure. The minister went on to state that Brazil was willing to face the eventuality that there would be no FTAA. The United States was able to convince Brazil and other Latin American countries that agricultural subsidies was a matter that went beyond the FTAA, and that could only be addressed at the level of the WTO. Latin American countries agreed to support the U.S.

in calling for a reduction of EU and Japanese agricultural subsidies at the WTO meeting that was to take place subsequently in Cancun. This may not have completely satisfied Brazil, but the fact that it was able to make the United States acknowledge that agriculture was even an issue was perceived to be a victory for Brazil. However, the stark language used by Brazil in Quito signaled a further deterioration of the relationship between both countries at the ministerial level and within the agreement’s different negotiating groups.

Venezuela clearly differentiated itself at the Quito Ministerial Meeting by taking a more radical position. In a letter submitted to the TNC, Chavez proposed moving back the deadline to 2010 in order to avoid damage to the economies of the FTAA’s participating countries, and to ensure that their sovereignty be respected. He also indicated that as a result of Venezuela’s new constitution, the FTAA would have to be ratified by a popular plebiscite before its implementation in that country. Furthermore, Venezuela submitted a series of memoranda critical of the HCP that was submitted in Quito. Broadly, the HCP was designed to improve the capacity of smaller economies to prepare for negotiations, implement trade commitments, and adjust to integration. Provisions were made to provide financial assistance in order to achieve these goals. The HCP, however, did not stray too far from neo-liberal principles, as capacity building was to be achieved in order to facilitate the transition towards liberalization. It also promoted the idea that the private sector would be directly involved in the process. As Venezuela tried to organize opposition to the FTAA, particularly from smaller Caribbean countries, by offering a more radical alternative, the HCP would become Venezuela’s principle target at subsequent meetings.

In addition to difficulties at the negotiating table, some of the most virulent protests against the FTAA were organized in Quito. Emblematic of the growing opposition to the agreement was the array of organizations and groups that were mobilized there. Expressing this new mood, before the ministerial an HSA meeting was hosted in Cuba, which formulated the “Havana Consensus” as an alternative to the Washington Consensus, and called for the expansion of the movement against the FTAA. The HSA used the meeting in Quito to put the final touches on its continental campaign against the FTAA, which consisted primarily of education and organization that was planned to last from September 2002 until November 2003. As a result of growing opposition within the negotiations and the persistence of mobilizations against the agreement outside of the formal negotiations, the sense that the negotiation of the FTAA was inevitable started to wane.

3.16 The 2003 Ministerial Meeting in Miami

The 2003 Ministerial Meeting that took place in Miami signaled the beginning of the end of the FTAA. The ‘FTAA-light’ or ‘FTAA à la carte’ framework that was adopted in Miami had the potential to solve the dynamics within the first track of the negotiations, but complicated the second track which was increasingly wracked with dissension and inconsistent adherence to deadlines. The collapse of the WTO meeting in Cancun, during which the United States was confronted by a host of nations, including Brazil, over the issue of agricultural subsidies, set the stage for the Ministerial Meeting in Miami, in which the co-chairs sought a more conciliatory position. Essentially, ‘FTAA à la carte’ meant that the agreement would be composed of two sets of obligations; the first set of obligations would be applicable to all while the second set would be optional. Zoellick tried to justify the concession in terms of attempting to manage the complexity of the negotiations and accommodating the different levels of

---

279 Massicotte, “Forces d’émancipations et démocratie participative dans les Amériques” 34-35.
development in the hemisphere. He explained at a press conference following the ministerial meeting that despite the new ‘FTAA à la carte’ framework: “We’re moving into a relentlessly practical stage to be on track and we’re at a point where we’re negotiating an ALCA not just seeking it. As you can see from the declaration we’ve released, we’re aiming for a comprehensive result.” This new framework would have important ramifications for the rest of the negotiations.

Essentially, it acknowledged that what had been the steadiest aspect of the negotiations, the negotiations groups, were encountering increasing problems in terms of keeping up with deadlines. Work was hampered by the fact that Venezuela took the initiative in proceeding with politicization of the negotiating groups in meetings that took place between the Quito and Miami Ministerial Meetings.

Consistent with Venezuela’s politicization of the second track of the negotiations, the compromise essentially emphasized the political aspect, primarily located in the first track of the negotiation, at the expense of the second track. This essentially disaggregated the consensus based on neo-liberal ideology that existed within the second track of the negotiations, and re-emphasized the role of states in relation to economic development and relations. Brazil’s foreign minister, Celso Amorim, explained at the same press conference referred to above that:

I don’t think there is any real need for me to be highlighting or emphasizing any specific matters, just I would like to refer to the political vision in a process such as this. Trade negotiations very often include political aspects, some of us are also foreign ministers and so we always have that in mind. We’re not just trade ministers, if you will, we have to keep that political vision in mind, and this helps us to make that step forward and we think that that is very important. And I think it was that political vision that at the same time allowed us to maintain an ambitious FTAA program.

The political vision that may have rendered the Miami Ministerial Meeting a success also made it increasingly difficult for the actual negotiations to progress following the meeting. The framework

---

281 Pocarelli “Evolución de la Participación y la Posición de Venezuela en las Negociaciones del ALCA” 125.
essentially rendered the second track of the negotiations more complex, by bringing in the possibility of differentiation, and without specifying how this compromise would impact the work that was supposed to be occurring in the negotiation groups. Over the next few months, progress was not achieved in terms of determining what would constitute the basic content, and whatever momentum that could have been garnered if the ‘FTAA à la carte’ framework had not been adopted.

The de-emphasis of the second track of the negotiations, which until Miami was the keystone that held them together, contributed to a growing polarization between countries closer to the United States and countries closer to Brazil. The United States’ announcement in Miami of bilateral FTAs with Colombia, Peru, and Panama, was quite consistent with the overall goals of the negotiations as the possibility of signing bilateral FTAs was firmly enshrined within the FTAA framework from the outset. Indeed, Zoellick, in reaction to speculation that bilateral FTAs put into question the United States’ commitment to the FTAA, was justified in his rebuke that: “From the start, the United States has worked on two tracks to create free trade in the Hemisphere.” However, without the second track of the negotiations working steadily towards a ‘comprehensive’ agreement, the FTAA no longer constituted a ‘single-undertaking.’ This change essentially meant that the competitive liberalization that the United States sought within the Americas now became a matter of ‘absolute gains’ rather than ‘relative gains’ in relation to Brazil, as both countries were now seeking to align states to their respective positions. Over the next two years, nothing could be done to reverse the growing polarization.

Brazil, meanwhile, was consolidating its position within MERCOSUR with the return of Argentina into its fold following the election of Kirchner. Brazil’s corner would be augmented by an increasing number of newcomers over the next two years with the election of Rafael Correa in Ecuador.

283 “Press Conference with USTR Robert B. Zoellick, Minister Botero (Colombia), Minister Ferrero (Peru), Minister Baki (Ecuador), Vice Minister Gumuzio (Bolivia)” 18 November 2003: 5, VII FTAA Ministerial Meeting, Miami.
and Evo Morales in Bolivia. Furthermore, Brazil took care to align itself with Venezuela by endorsing the Structural Convergence Fund (SCF) that the latter had proposed at the meeting. Starting at the Puebla TNC meeting that took place a few months earlier in April, Venezuela began to make CGSE a site of contestation. It criticized the HCP and proposed a more comprehensive SCF, which aimed to lessen asymmetries by financing infrastructure and services projects, and identifying areas where exceptions in the FTAA would have to be made for smaller economies.\textsuperscript{284} Within the CGSE, as well as other negotiating groups, Venezuela became increasingly uncooperative and actively began to critique what it deemed to be the neo-liberal ideology underlying the FTAA.\textsuperscript{285} In view of this radical proposal, which was not something that the United States was willing to entertain, Brazil pronounced itself in favour of it. Amorim, Brazil’s Foreign Minister, explained that:

> Venezuela presented a proposal that will be considered at the next meeting of the trade negotiations committee. And it will address those differences as well. I think all of that is important. And since I mentioned Venezuela, I would like to make a correction because several elements - the representatives of the international media - say that paragraph four of the Ministerial Agreement and we agree with this completely, but they say that this isn’t Brazil’s doing, but it does address many of our concerns, it says that the commitments assumed by the countries in the FTAA must be consistent with the principles of the sovereignty of states and the respective constitutional text, but that was a Venezuelan contribution, but anyway I just would like to say that I’m leaving Miami very satisfied with the results that we have reached.\textsuperscript{286}

Venezuela and the MERCOSUR countries were gradually pushing the negotiations in a common direction, and in one that was opposite to that desired by the United States. This presented a direct affront to the ‘technico-economic’ spirit that sustained the negotiations up until that point. The ‘MERCOSUR plus one’ block did so by emphasizing the political aspect of the trade negotiations, which then rehabilitated the concept of state sovereignty in relation to economic development. Furthermore, the accentuation of structural inequalities within the hemisphere and the proposition of an SCF was anathema

\textsuperscript{284} Bolivarian Republic of Venezuela, Memorandum – FTAA Trade Negotiation Committee, November 2003.
\textsuperscript{286} Amorim, “Concluding Ministerial Press Conference” 3.
to the neo-liberal ideology underlying the negotiations from the beginning. Under challenge was the idea that development was to be achieved through the market mechanisms that would be part of an eventual FTAA. The positions that began to concretize in Miami, which resulted from the ‘crisis of authority’ in the Americas, would end up being formally acknowledged as irremediable at the Mar del Plata Summit of the Americas.

Social movements also continued the strategy of organizing protests at meetings and summits in Miami. In fact, large numbers had become so radicalized that they refused to meet with the hemisphere’s ministers. However, the number of protesters that were mobilized decreased and they had little impact on the official proceedings.\(^{287}\) This led the Assistant USTR to declare that in Miami: “Protests against the FTAA had been anticlimactic and substantially smaller than forecast.”\(^{288}\) In terms of the HSA, it concluded its hemispheric campaign against the FTAA in Miami, which it deemed to be a success in view of the developments such as the plebiscite on the FTAA in Brazil.\(^{289}\) Nevertheless, the hemispheric social movement against the FTAA was in no way running out of steam, and would convene in Mar del Plata in one of its largest and most confrontational mobilizations.

Not everyone was pleased with ‘FTAA à la carte’ framework, however. A group of countries led by Canada, Mexico, and Chile expressed dissatisfaction with the deal struck by Brazil and the United States. As a reaction to the deal, the former group of states unsuccessfully promoted a scheme which would make the pace of implementation related to the degree of economic development of each state, and that would make the potential benefits commensurate with each state’s own liberalization.\(^{290}\) In addition to Canada, Mexico, and Chile, participants from the Business Forum also expressed discontentment with

\(^{287}\) Wainwright, “The Battles in Miami” 361.
\(^{289}\) Massicotte, “Forces d’émancipations et démocratie participative dans les Amériques” 37-40.
the compromise as they believed that it represented too much of a departure from what had been agreed to at the 1994 Miami Summit of the Americas.\textsuperscript{291} As a result of continuing disagreement as to what constituted the framework of the agreement, the Ministerial Declaration did not provide the details as to what constituted the basic obligations and what could be opted out of. In the end, the compromise elaborated in Miami made it even more difficult for states to agree on a basic agreement as it multiplied the possible forms the FTAA could take in the midst of institutional stasis in relation to the negotiation groups and the growing de-legitimization of the ideology that sustained it.

3.17 The 2004 Nueva Leon Ministerial Meeting

The negotiation of the FTAA was in such dire straits by 2004 that leaders agreed to put the issue of trade aside at the Summit of the Americas in Nueva Leon, just one year away from the 2005 deadline. This request was advocated by Brazil and agreed to by host country Mexico. This request was supported by a host of other leaders, among whom were a growing number of presidents openly hostile to neo-liberal policies and the FTAA. These included Morales and Kirchner, with the latter declaring that neo-liberal policies led to the bankruptcy of his country’s economy before the meeting.\textsuperscript{292} However, the issue of the FTAA inevitably came up during the summit. What differed from previous ministerial meetings and summits was that the main area of contention was now between the United States and Venezuela. Tension rose over accusations made by the United States that Venezuela had financed Evo Morales’ victory in Bolivia. Despite calls for alternative development models to neo-liberal policies, the United States was able to get countries such as Brazil and Venezuela to sign on to the 2005 deadline, even though

\textsuperscript{291} Emad Mekay, “Both NGOS and Business Reject a 'Flexible' FTAA” Inter Press Service, 18 November 2003, Stauffer Library, Queen’s University, 11 February 2009 <www.factiva.com>.

Chavez questioned the feasibility of such a deadline. However, this symbolic act would do little to make the deadline a reality as the agreement would completely collapse in Mar del Plata.

3.18 The 2005 Mar del Plato Summit of the Americas

The Mar del Plata Summit that took place in 2005 brought the negotiation of the FTAA to an effective end. The summit began with a massive rally in that city that was addressed by Chavez. At the rally he declared that, “Here, in Mar del Plata, FTAA will be buried!” In spite of a last-ditch attempt to save the negotiations by the United States and Canada, no agreement could be reached. The United States led a movement that wanted to begin a new round in 2006, but the MERCOSUR countries rejected the proposal. In the end, the summit’s Declaration of Principles noted two very different positions towards the FTAA; the first position maintained that it still wished to continue with the FTAA, and the second declared that the hemisphere was not ready for integration. In the end, it was the MERCOSUR countries and Venezuela that were unwilling to continue with the negotiation of the FTAA. Brazil, continuing with its policy of ambivalence, stated that it would not oppose continued negotiation, but refused to specify a date, and made it conditional on the United States making concessions on agricultural subsidies. It did make clear that its preferred focus was on the WTO, and stated that it was pleased that the United States would do the same. However, regionally cohesive talk of the FTAA effectively ended at the Mar del Plata Summit of the Americas. Despite the different declarations that were made to resume

---

talks at an eventual point in time, the FTAA was never seriously brought up again. Instead, countries that wanted access to the American market signed bilateral agreements with that country. Brazil, a consistent critic of the FTAA, eventually also signed a bilateral agreement with the United States. Venice, with its radical position against the United States, continued with its alternative integration project, the ALBA.

3.19 Conclusion

The beginning of the negotiations began in auspicious conditions, as there seemed to be an emergence of a consensus throughout the hemisphere concerning the advantages of economic liberalization and liberal democracy. This came in the wake of the collapse of the ISI development model and corporatist regimes that were authoritarian to differing degrees. Initially, the leadership of the United States in the hemisphere was uncontested and its newfound interest in Latin America was generally celebrated. Indeed, it was actually Latin America that drove the United States to initiate the FTAA negotiations at the 1994 Summit of the Americas in Miami. Furthermore, the ‘NAFTA-plus’ strategy, that situated the United States as the central hub of hemispheric integration, was widely accepted as the process through which the FTAA would be negotiated.

The United States’ leadership in the hemisphere, however, suffered greatly as a result of the continuing absence of fast-track authority, which resulted, in part, from an important mobilization of trade unions and social movements against any additional FTA. Brazil at this point adopted its traditional position of striving to obtain the best agreement possible for its economy. Despite squabbles pertaining to the United States’ political commitment to the FTAA, it was generally assumed that the completion of the agreement was inevitable. This was exemplified by the continuing progress made in the negotiations’

Both countries signed the Trade and Economic Cooperation Agreement (TECA) in March 2011 with the goal of increasing trade and removing non-tariff barriers.
different working groups, which came to represent the spine of the negotiations. However, as the end of the 1990s approached, there was a shift in the tone of the negotiations caused by a growing ‘crisis of authority’ in the Americas. This ‘crisis of authority’ was embodied in the important mobilization of social movements outside of the parameters of the agreement, as well as in the election of governments throughout the Americas that were skeptical of the policies of the Washington Consensus and the FTAA.

In view of what it perceived to be policy failure by the previous administration, George W. Bush’s administration implemented a new trade strategy in order to regain control of the negotiations. However, it was not able to do so within the confines of the FTAA as it met with opposition from the ‘MERCOSUR plus one’ coalition (Brazil, Argentina, Uruguay, Paraguay, and Venezuela), which adopted a hardened position towards the agreement. This was exemplified by the open opposition displayed by the Venezuelan negotiating team and the reduced cooperation of the Brazilian negotiating team.

Consequently, the work in the working and negotiating groups, which had remained relatively depoliticized and isolated from wider dynamics up until the Quito Ministerial Meeting, stopped progressing even in view of the modified ‘FTAA à la carte’ framework. Importantly, this reemphasized the political aspect of the negotiations, and in doing so rehabilitated the concept of state sovereignty in relation to economic development, which proved to be anathema to the tone set in the negotiating groups. Once the centrality of the negotiating groups had been disaggregated, a growing polarization between states, centered around the United States and states centered around Brazil, set in. This growing polarization was amplified by the fact that work ceased to progress significantly in these groups and as the discourse by states surrounding the agreement became more unequivocal. The 2005 deadline passed without an agreement.
Chapter 4. Venezuela and the Evolution of the FTAA

4.1 Introduction

This chapter and the next will provide an analysis of the evolution of Venezuela’s relationship with the FTAA. Both chapters, however, will consider this common subject matter from two different methodological approaches. The present chapter will provide a brief historical analysis of Venezuela’s political economy, as well as greater consideration of underlying dynamics, so as to better contextualize its relationship with the FTAA. The following chapter will examine this relationship directly from the experience of actors that were directly involved in the negotiations, or from commentators that provide analysis from the Venezuelan point of view. Hence, the narrative thrust of the next chapter will be guided by the participants who were interviewed as part of this dissertation, while the one in this chapter will be guided by more analytic concerns.

A central argument in this dissertation is that the FTAA was initiated as a potential agreement to further liberalize and integrate the Western Hemisphere under the leadership of the American state, but that it also became a space where that project came to be challenged. The first challenge came from the cautious attitude exhibited by Brazil in the early stages of the negotiations, which became much more robust in the wake of the 2002 election of Lula. Importantly, the second challenge came from Venezuela and was much more radical in its tone. In fact, Judith Valencia, an academic close to Chavez and member of the Presidential Commission for the FTAA, explains that previous to Quebec City, the FTAA was treated as a fait accompli by the hemisphere’s leaders. She explains that: “It was President Chavez at the Quebec Summit, in 2001, who posed the dissonant note, which then led to a questioning that put the
In fact, Venezuela went as far as to question the theoretical and ideological assumptions of the agreement, and in doing so, went much further than Brazil’s criticism of the agreement which was more focused on the logistics of the negotiations. Part of Venezuela’s critique was inspired by the particular Bolivarian ideology that framed the Hugo Chavez Frias government. But it was also influenced by concepts and language put forth by the HSA. Therefore, Chavez’s government acted to bring the language and concepts of the transnational HSA within the statist institutional framework of the FTAA negotiations. Incidentally, the questioning of the neo-liberal ideology that framed the FTAA led to the articulation of an alternative integration project: the ALBA that was designed to be the antithesis of the FTAA. In view of these different factors, Venezuela’s actions were transgressive with respect to the FTAA in two important ways. First, by insisting on the continued salience of national sovereignty and the importance of the state for economic development, they brought into relief the relationship between national state institutions and global governance structures, and their continued dialectical link with civil society. Specifically, the actions violated the sense that the FTAA negotiations, particularly in relation to the work being done in its negotiation groups, operated in a de-politicized sphere located beyond the control of the civil societies of the hemisphere’s social formations. Second, Venezuela’s intervention served to politicize the negotiation groups and to question the legitimacy of the ideological assumptions that, for the most part, sustained them: the ‘political’ and the ‘economic’ that are sacrosanct to neo-liberalism. In other words, Venezuela’s actions troubled the ‘epistemic community’ established to negotiate the agreement within the negotiation groups, whereas the negotiation of the agreement was approached simply as a matter of resolving technical differences. In both instances, Venezuela’s actions


revealed the continued link between civil society in national social formations and institutions located beyond national states.

The evolution of Venezuela’s position towards the FTAA needs to be understood in terms of a crisis of authority within its social formation. As indicated in chapter 2, a ‘crisis of authority’ represents a moment in which parties no longer represent the classes they purport to, and in which there is an opening of the political arena. This appears as a more conjunctural manifestation of an underlying organic crisis that affects an entire historical bloc. In the case of Venezuela, the crisis of authority first manifested itself with the implementation of neo-liberal reforms in 1989, which essentially discredited the Punto Fijo political system that had been premised on an ISI economic structure. The effects of this crisis of authority culminated in the eventual election of Hugo Chavez Frias in 1998, and the refounding of the Republic in 1999 with a new constitution. However, it was not immediately clear whether his government would break with the social classes that had been privileged under the Punto Fijo system, which included some sections of organized labour. Indeed, as the Chavez government introduced reforms that affected the interests of these social classes, and as it started to challenge some of their prerogatives within the state, the opposition launched a series of actions, including the 2002 coup attempt and the subsequent general strike that would eventually culminate in a radicalization of both positions. Venezuela’s foreign policy was not immune to the growing polarization that was taking place within its social formation, and the growing radicalization of the government’s policy. Already in 2001, Chavez had begun making comments critical of the FTAA as a result of the conflict he perceived between it and his government’s Bolivarian ideology. This was exacerbated by political developments that affected the FTAA, in terms of its content and the institutional structure through which it was articulated. Indeed, the 2002 attempt had a transformative effect on the way the government viewed the opposition, but it also hardened its perception vis-à-vis the United States’ role in South America. Notably, the government’s perception of
the United States’ role in the coup attempt let it draw a direct link between domestic politics and foreign policy questions pertaining to regionalism and the FTAA. That link implied that the new Presidential Commission for the FTAA was put into place in order to articulate a radical new position vis-à-vis the FTAA, and this served to supplant the existing institutional arrangement within the Venezuelan state, which the government considered to be compromised in terms of neo-liberal ideology.

4.2 The Case for ‘Venezuelan Exceptionalism’

Until the 1990s, much of the debate concerning Venezuela in the field of comparative politics concerned its exceptionalism in relation to the rest of Latin America. According to Steve Ellner, this exceptionalism was framed in terms of Venezuela’s seemingly stable democratic political system characterized by a low level of political and social conflict. Venezuela’s apparent democratic stability contrasted with the many authoritarian regimes that were in place throughout the continent in the 1970s. Consequently, Ellner argues, scholars missed the underlying tensions that belied political stability both within the social democratic Accion Democratica (AD) and Christian democratic Partido Social Cristiano de Venezuela (COPEI) parties, and with the guerrilla movement that lasted until the 1970s. The violence of the 1989 Caracazo and the two coup attempts of 1992 ended any discussion of Venezuelan exceptionalism. 301 Although the neo-liberal reforms implemented in Venezuela were quite consistent with the rest of Latin America, the immediate and violent nature of the reaction to the reforms points to some element of difference in Venezuela’s social formation. Indeed, the 1989 Caracazo launched a crisis of authority related to a deeper organic crisis, related to the failure of ISI development strategies and its debt. What made Venezuela exceptional, however, were the structural effects of dependence on petroleum revenue on its social formation. Venezuela was exceptional vis-à-vis the rest of Latin America principally

in terms of the level and manner in which neo-liberalism failed to gain significant popular support beyond certain fractions of the intellectual and political elite, expressed in the level of popular opposition that came to be expressed against the FTAA. The source of this relative exceptionalism is related to the role petroleum played both in moulding the Venezuelan social formation, and the manner in which this shaped Venezuela’s policy towards the FTAA. In fact, the political economy of petroleum influenced Venezuela’s position towards the FTAA, both in its moderate phase during Rafael Caldera’s presidency during the 1990s, as well as during the first year of Hugo Chavez’s presidency, and also in its more radical phase following the latter’s first year in office. Notably, Venezuela was less dependent on exporting goods to the United States’ market and less vulnerable to protectionist measures than other Latin American states. Venezuela was still, to be clear, reliant on exporting petroleum to the United States, but the fact that the United States actively sought the import of that commodity lessened the probability that the United States would enact protectionist measures against that commodity. This relationship of mutual dependence meant that Venezuela was less vulnerable to the whims of the United States government in terms of market access and was, therefore, less motivated to obtain an FTAA agreement than other Latin American states. Additionally, revenue from the petroleum industry also provided the Venezuelan government with the means necessary to articulate a counter-hegemonic project both domestically and regionally.

In her study of the evolution of the Venezuelan “petro-state”, Terry Lynn Karl explains that petroleum played a fundamental role in shaping the emergence of its state and social classes during its transition from an agrarian to an industrial society. Revenue gained from rents gathered from international petroleum companies allowed two caudillos, Cipriano Castro Ruiz (1899-1908) and Juan Vincente Gomez (1908-1935), to modernize and centralize the Venezuelan state. During this early period, weak social forces were no match for foreign petroleum interests, which were able to dictate the terms of
petroleum extraction and wield great influence over the Gomez dictatorship. Venezuelan society and economy during this period also went through profound changes as the country endured a period of rapid and massive urbanization. The agricultural sector shrank and declined as oil revenues, which contributed to a disproportionately strong currency, made the price of Venezuelan agricultural exports uncompetitive. Consequently, important sections of the rural elite sold their *latifundia*, often to petroleum interests, and transformed themselves into a commercial and financial bourgeoisie. The development of an industrial bourgeoisie, heavily subsidized by petroleum revenue, would appear later on. Beyond the elites, a disproportionately large urban middle class and a small working class emerged as a result of the ‘petrolization’ of the economy.  

The outlines of Venezuela’s modern structure of production, class structure, and state were formed during this period with petroleum at the center of all these developments.  

Throughout the first half of the 20th Century, Venezuela gradually emerged out of authoritarian rule exercised by strongmen who used their access to petroleum revenue to fund their regimes. In fact, the state structure elaborated during this period would persist into Venezuela’s democratic period. Legislation such as the Hydrocarbons Laws of 1943 reinforced the rentier character of the Venezuelan economy and the state’s dependence on petroleum revenue. The articulation of a democratic alternative to the authoritarian rulers of the period was also centered on the role petroleum production and revenues should play in Venezuelan society. Fernando Coronil explains in his book, *The Magical State: Nature, Money, and Modernity in Venezuela*, that the active sector of the middle class that challenged authoritarian regimes grounded its rhetoric in a Rousseauian and Bolivarian conception of liberalism. This ideological tradition was grounded in a communitarian conception of society that made appeals to the nation as a whole to democratize the political system, and to advance an agenda of wider distribution of petroleum

---

303 Ellner, *Rethinking Venezuelan Politics* 42.
revenue to the entire nation. In this conception of Bolivarian ideology, class conflict was subsumed through the disbursement of petroleum revenue to the nation as a whole. The state, infused with petroleum revenue, was viewed as the instrument through which development and social justice would be achieved. This political project was also injected with nationalistic rhetoric in its criticism of the political dominance of foreign petroleum companies. The point was to extend petroleum revenue to the entirety of Venezuelan society. It was this ideology, in combination with an ISI economic strategy and a rigid corporatist system, that would become the pillars of Venezuela’s democratic regime instituted after the collapse of the Marcos Perez Jimenez (1952-1958) dictatorial regime.

Under the direction of the Accion Democratica (AD), the democratic political system that was put in place was essentially elaborated in the Punto Fijo Pact, which amounted to a power-sharing agreement that included all of the major political parties except the Partido Comunista de Venezuela (PCV). The principal political parties were careful to avoid mobilizing the masses, marginalizing the more radical political elements that could potentially demand more than the modest social reforms implemented during the Punto Fijo era. Romulo Betancourt, re-elected as president in 1958, believed that in addition to marginalizing the far left in the country, he had to integrate domestic and foreign capital in a new democratic system, with a view to preventing support for a military coup in the future. Therefore, to achieve a compromise at the political level, legislation was passed that granted privileged access to both capital and labour to key institutions within the state. This new corporatist structure was sustained

305 Karl, The Paradox of Plenty 83-84.
306 The other parties privy to the agreement included the COPEI and the Unión Republicana Democrática (URD).
307 The principal labour union, the Confederacion de Trabajadores de Venezuela (CTV), and principal peasant’s confederation, Federacion Campesino de Venezuela (FCV), were closely linked to the AD and were founded during a brief democratic interregnum known as the trieno (1945-1948). The principal business organization, the Federación de Cámaras y Asociaciones de Comercio y Producción de Venezuela (FEDECAMERAS), was historically closer to the COPEI.
through increased state spending in the social and industrial sectors. The new regime also promised to
open up the financial, commercial, and industrial sectors to newcomers, but only achieved limited
success.\textsuperscript{308} Essentially, the corporatist system that was put into place during the Punto Fijo era was based
on the integration of diverse economic interests into a political and economic consensus funded by
petroleum revenue.

The political consensus among the major parties and economic groups in the country, centered on
the Punto Fijo Pact, began to disintegrate with the 1973 oil boom, which set the scene for the eventual
collapse of the system. Carlos Andres Perez (AD), a protégé of Betancourt, was elected president in 1974
on a promise to “sow the oil,” which included nationalizing the petroleum sector. The aim was to propel
Venezuela into the developed world. Perez’s plan contained a two pronged approach, which included
measures to fight poverty and measures to diversify the economy. In order to fight poverty, Perez
increased the minimum wage and improved employee protection measures, which had to be scaled back
amid protests and threats by the Federation of Chambers of Commerce and Industry of Venezuela
(FEDECAMERAS). His diversification strategy included the creation of public enterprises in the
metallurgical and mining sectors.\textsuperscript{309} During Perez’s first term, massive amounts of public investment were
also poured into the private sector, aimed at assuaging concerns related to recent employment legislation.
Calls were made by the increasingly hostile right-wing Christian democratic COPEI and some members
of the AD to “repress” oil revenue in order to stem inflation and to allow the Venezuelan economy to
absorb surplus revenue. These were rejected, however, by the private sector and the option of raising
taxes was deemed electorally unviable.\textsuperscript{310} Furthermore, state attempts to coordinate investment and

\textsuperscript{308} Karl, The Paradox of Plenty 98-104.
\textsuperscript{309} Steve Ellner, Organized Labor in Venezuela 1958-1991: Behaviour and Concerns in a Democratic Setting,
\textsuperscript{310} Karl, The Paradox of Plenty 130-132.
promote domestic industrial production, particularly in the automobile industry, were blocked by foreign firms through pressuring the government to further deregulate the economy. Foreign capital was not entirely successful in seeing the government deregulate the economy, and both foreign local sections of capital fell back into the pattern of accessing oil rents.\textsuperscript{311} In order to keep funding its projects, the Perez government began to borrow foreign credit in 1976 and, as of 1977, the government incurred its first account deficit. Foreign debt rose exponentially, and at a rate unmatched in the rest of Latin America, from 8.76 % of GNP in 1970 to 49.07 % in 1988.\textsuperscript{312} Perhaps paradoxically, an increasing debt load would make it impossible for Venezuela to maintain the consensus that allowed it to remain a relatively stable democratic regime, as it would hamper the two major parties’ ability to fund the generous corporatist structure that they had created.

The 1980s were marked by attempts to avoid the structural reforms that were implemented in the rest of Latin America as a result of the debt crisis. The COPEI president Luis Herrera Campins (1979-1984) and AD president Jaime Lusinchi (1984-1989) were largely able to ward off these reforms in the face of growing debt, capital flight, and foreign exchange crises, as a result of borrowing against the potential revenue from its petroleum reserves. Despite promises to rein in spending, both presidents were unable or unwilling to implement reforms to the corporatist system that was creating the debt crisis. Lusinchi, however, to relieve pressure from the International Monetary Fund (IMF), and in contravention to his campaign promises, abandoned Venezuela’s fixed foreign exchange policy and imposed exchange controls. This led to a collapse of real wages, which continued to decline every subsequent year.\textsuperscript{313} The escalating debt crisis, diminishing petroleum revenue, and the failure of ISI-type policies to produce a

\textsuperscript{311} Coronil, \textit{The Magical State} 281-282.
competitive and diversified economy contributed to an organic crisis of capitalism that would eventually lead to the collapse of the Punto Fijo system. To make matters worse, by the end of the 1980s, pressure for reforms could no longer be ignored as international donors began to refuse Venezuela additional loans, and, consequently, it was in danger of defaulting on its external debts.

Within the context of economic crisis, Perez ran for his second presidential term (1989-1993) and was elected. He ran on a promise to return to the era of economic largesse and government spending of the 1970s, known as the period of La Gran Venezuela, rejecting the austerity measures proposed by international donors. However, he privately made assurances to the IMF that he would enter into negotiations with them once he entered office. True to his word to the IMF, Perez reversed his position towards austerity measures and introduced an IMF-sponsored structural adjustment agreement once elected. The reforms ignited intense rioting, known as the Caracazo, which lasted five days and spread from the capital to the rest of the country. The military was eventually called in to halt the rioting and impose order. The fact that the military was brought in to repress its own citizens, as well as the perceived illegitimacy of the austerity reforms, led to disenchantment within the ranks of the Venezuelan military. In 1992, two failed coup attempts against the government, the first of which counted Hugo Chavez as one of its leaders, frightened Venezuela’s political establishment as the coups were widely popular amongst the population. The violent reaction to the neo-liberal reforms and the legitimacy that the military coups enjoyed demonstrated the degree to which these reforms had little popular support. These factors collectively contributed to a growing crisis of representation within its social formation. The political structures put in place after 1958 to channel popular energies began to unravel. Julia Buxton

315 Coronil, The Magical State 376.
Opinion poll surveys from the early 1980s onwards reflected a burgeoning problem. They reflected a generalised view that the political system lacked credibility and popular support. The AD and COPEI parties, which had participated in the 1958 Pact of Punto Fijo that structured the country’s transition to democracy, were seen as unrepresentative, elitist and incompetent.\footnote{Julia Buxton, “Venezuela’s Contemporary Political Crisis in Historical Context,” \textit{Bulletin of Latin American Research} 24.3 (2005) 334.}

In terms of numbers, the declining credibility of both parties is illustrated by the fact that in 1988 both parties combined to receive 75\% of total electoral support, but this decreased to 46\% in 1993.\footnote{Jose Molina, “The Unravelling of Venezuela’s Party System: From Party Rule to Personalistic Politics and Deinstitutionalization,” \textit{The Unravelling of Representative Democracy in Venezuela.}, eds. Jennifer McCoy and David Myers (Baltimore: John Hopkins University Press, 2004) 164.} Moreover, a poll conducted in 1991 found that 91\% of Venezuelans believed that the dominant parties “had little or no credibility.”\footnote{Julia Buxton, “Realignment of the Party System in Venezuela,” Meeting of the Latin American Studies Association, Miami, March 16-18, 2000, 4.} As a result of this crisis of representation, the political terrain opened up to new political forces.

The election following Carlos Andres Perez’s departure from office in 1993, after he was charged with corruption, saw Rafael Caldera (1994-1999), who was first elected president in 1969 as a COPEI candidate, win by running as a Convergencia candidate. Convergencia was Caldera’s electoral vehicle backed by a broad alliance that included several leftist parties, such as the Movimiento al Socialismo (MAS) and the PCV, which coalesced around an anti-neo-liberal platform and opposition to the dominant political parties.\footnote{Steve Ellner, “Introduction: The Search for Explanations,” \textit{Venezuela Politics in the Chavez Era: Class, Polarization and Conflict,} eds. Steve Ellner and Daniel Hellinger (Boulder: Lynne Rienne Publishers, 2004) 11.} This did not amount to a fundamental break with the previous order, but to an effort to rearticulate a hegemonic bloc with political forces that had been excluded from the previous political system, and without the signifiers of the dominant parties. As with Perez, Caldera went back on his electoral promises and adopted an IMF-sponsored package in that included a new wave of privatizations. Although Caldera continued with some liberalization, including the privatization of a few state
companies, he did so reluctantly and was much less inclined towards neo-liberal reforms than his predecessor. Instead the focus was on stabilizing the economy and the political system. Caldera clearly held to his belief in the corporatism that characterized Venezuela’s political system throughout the Punto Fijo period, and forged a close alliance between the state, Confederacion de Trabajadores de Venezuela (CTV) and FEDECAMERAS to legitimate his reforms. Although Caldera sought to resolve the crisis of authority by including new political actors within his governing coalition, the wider social sectors integrated in the Punto Fijo system remained privileged by his government. The persistence of the economic crisis and the continuation of neo-liberal reforms ended up further discrediting its participants in the eyes of the Venezuelan population. The failure of Caldera’s government to resolve the crisis of authority that had been provoked as a result of the collapse of the Punto Fijo system meant that the political terrain remained open to different alternatives.

4.3 The Precarious Nature of Neo-liberal Reforms in Venezuela

Ellner explains that the extreme reaction to neo-liberal reforms demonstrated that they never garnered widespread support from the Venezuelan population in the same way that they did in countries such as Peru or Argentina. In those states, leaders were actually elected on explicitly neo-liberal platforms. Ellner explains that this was due to the fact that in Venezuela, petroleum revenue created a sense of material entitlement that conflicted with the new message of austerity preached by the Perez government and, to a lesser extent, the Caldera government following their elections. Furthermore, as a result of the preponderant role of petroleum revenue in the economy, its private sector was much weaker than in other Latin America states that had gone through similar reforms such Brazil, Argentina, Chile, and Mexico. According to Ellner, this meant that “multinationals bought out privatized companies with

minimum input from national capital, thus undermining the neoliberal appeal even further.” Overall, this amounted to a *mea culpa* over the policies implemented by both dominant parties since 1958, which dramatically delegitimized the traditional parties and political elite of the country. Daniel Hellinger explains that over the next decade, political parties and unions had increasing difficulty representing the different sectors of society as well as channeling dissent, which was indicative of the collapse of the Punto Fijo system. What follows will review the implementation of neo-liberal reforms in Venezuela, and why the reaction to them was so rapid and unequivocal.

The neo-liberal reforms implemented by Perez in 1989, and to a lesser extent by Caldera, generally found support from foreign capital. However, these reforms received little domestic support beyond a circle of intellectuals, civil servants, and media outlets. Important supporters included a small group of civil servants that gravitated around the Minister of Trade and Industry, Moses Naim, and a group of academics based at the *Instituto de Estudios Superiores de Administracion* (IESA) business school in Caracas. Perez, a recent convert to neo-liberalism, surrounded himself with this group of like-minded individuals, but found little political support for these reforms beyond this group. In fact, he had difficulty passing the legislation in Congress as a result of a deep split within the congressional AD over the reforms. Domestic proponents of the reforms, notably Naim, blamed the reticence of Congressional elements of the AD for watering down the reforms, and not allowing them to fundamentally transform the structure of the economy. The continual delay and reticence demonstrated the degree to which the impetus for the reforms in the 1980s originated from outside the Venezuelan social formation, notably

---

322 Ellner, *Rethinking Venezuelan Politics* 89.
323 Hellinger, “Political Overview” 34.
324 Ignacio DeLeon, Legal Advisor with Venezuela’s Competition Regulation Agency and MPC Anti-Trust Negotiator, interview by author, 2 April 2009, digital voice recording, Caracas, Venezuela.
325 Ellner, *Rethinking Venezuelan Politics* 98
from international creditors, the IMF, and foreign capital. Foreign capital had been pressuring the Venezuelan state to liberalize its industrial policy since the 1970s, which heightened the perception by domestic actors that the reforms were external in nature. Once implemented, the reforms led to a weakening of domestic capital and allowed for an increase in multinational penetration of several sectors, particularly in the financial sector. The weakness of domestic capital meant that there was not the same degree of integration between foreign and domestic capital as in other states in the region that went through such reforms. The weakness of domestic capital, conversely, also meant that it was not strong enough to generate substantial resistance. David Harvey explains that the implementation of neo-liberal reforms promoted by IFIs and financial capital depends on internal class support. This internal support is important in explaining the extent of such reforms and the degree to which they might enjoy legitimacy from the wider population. The fact that neo-liberal reforms did not enjoy extensive domestic support in the Venezuelan social formation reinforced the sense that they were the result of external coercive mechanisms, which meant that there was extensive political capital to be gained by opposing them. Additionally, the reforms constrained the state’s ability to disburse oil revenues, which had previously ensured political stability. Consequently, the reforms created a fundamental mismatch between the new economic reality and the corporatist structure of Venezuela’s political system.

This fact was not lost on Perez’s administration, which passed legislation to decentralize the state and reduce the power of political parties. The neo-liberal political reforms included decentralizing such responsibilities as health and education to the state levels. Changes in the structure of the political system included: the creation of new municipalities, often at the expense of poor neighbourhoods; changes to the manner party slates were presented on ballots, and; the direct election of state governors. A backlash

327 Ellner, Rethinking Venezuelan Politics 92
328 Harvey, A Brief History of Neoliberalism 117.
against these reforms developed, and the governments of Caldera and Chavez, through the new constitution, largely reversed the reforms. These reforms further constrained the viability of the Punto Fijo system, they had found some support beyond neo-liberal circles but did not manage to offset the unpopularity of the economic reforms implemented in conjunction with the political reforms. This created a contradiction. Paradoxically, as Perez attempted to reform the Punto Fijo system, notably to counter its centralizing tendencies by devolving power to different orders of government, simultaneous efforts were made to use other centralizing aspects of Venezuela’s political system to isolate the presidency from outsider political forces and implement unpopular economic reforms. Perez’s reforms effectively put an end to the Punto Fijo system, and opened the way to outsider candidates and political movements. Caldera, who was unwilling to challenge the IMF and external creditors, was constrained or was unwilling to implement a new political system. Instead, he reverted to old patterns of political behaviour, with his revival of corporatist structures. Nevertheless, class tensions were laid bare as there was no longer enough petroleum revenue to sustain corporatist political structures. Chavez, however, had no qualms about transforming the political system, and implemented the Constitution of the Fifth Republic, which effectively restructured political relations in the country.

The crisis that led to the election of Chavez in 1998 was not only caused by a rejection of neo-liberalism, therefore, but also a rejection of the Punto Fijo political system. One cannot properly assess the rejection of the one without including rejection of the other. Indeed, Chavez’s electoral base in the 1998 election was in no small way augmented by dissatisfaction with the two old parties. It was also due to the mobilization of sectors of Venezuelan society that had been marginalized by the Punto Fijo political system. A notable sector that supported Chavez was the growing number of Venezuelans working in the informal sector, which were estimated to be “42.7 percent of the economically active population” in

Ellner, Rethinking Venezuelan Politics 93-94.
The expansion of this sector resulted largely from retrenchment of the petroleum revenue and its disbursement throughout the economy. In fact, poverty in Venezuela increased from 17% in 1980 to 65% of the total population in 1996.

Venezuela essentially faced an organic crisis of capitalism in view of its debt crisis in the 1980s and the discrediting of its ISI development strategy. Neo-liberal reforms pushed through by both Perez and Caldera represented two attempts to rearticulate a new and not so new hegemonic bloc in view of growing popular discontentment, which incidentally further discredited the Punto Fijo political system and contributed to the ‘anti-system’ candidature of Chavez in 1998. The fact that the election of Chavez was based both on the rejection of neo-liberalism and *puntofujismo* would have important ramifications on Venezuela’s negotiation of the FTAA after 1999. This helps to explain why Venezuela, under Chavez, would be hostile to both the neo-liberal economic policies of the FTAA, as well as its ideological association with representative liberal democracy.

4.4 The First Phase of Venezuela’s Negotiation of the FTAA

It is along the historical arc outlined above that the evolution of Venezuela’s negotiating position in the early stages of the FTAA negotiations must be considered. Caldera’s reticent embrace of the FTAA in the early phase of the negotiations had ramifications for the institutional structure within the Venezuelan state that was established to negotiate the agreement. Notably, this provided the negotiating team with enough autonomy to contribute positively to the negotiations. It is precisely the ambivalence exhibited by the presidential office in the early stage of the negotiations that allowed its negotiating team

---

to accept the underlying neo-liberal premises of the FTAA and to participate wholeheartedly in the ‘epistemic community’ that was established within the institutional core of the negotiations. However, this autonomy, or gap in relation to the centers of power within the Venezuelan state apparatus, would increasingly become difficult to maintain in view of the growing polarization of Venezuelan society that took place during this period. This section will look at the elaboration of Venezuela’s policy towards the FTAA by considering the manner in which it was influenced by different social forces and competing institutional entities within Venezuela. This process generated specific dynamics within the negotiations, domestically and at the international level.

The negotiation of the FTAA began after Perez left office in disgrace, following charges of corruption. The political climate in the country at the time was not at all favourable to further liberalization. In fact, not only had an anti-neo-liberal coalition led by Caldera won the election, but the AD held a policy conference in which it distanced itself from Perez by reaffirming more social democratic principles.\textsuperscript{332} Caldera’s career had gone through an ideological shift, as he began clearly on the right as one of the founding members of COPEI but gradually migrated to the left over the years. The shift led to the inclusion of parties such as the PCV within the \textit{Convergencia} electoral coalition that brought him into power the second time. He never made entirely clear, however, his true attitude towards neo-liberal reforms. His decisions while in office demonstrated that although he furthered the reforms initiated by Perez, he disapproved of the unilateral manner in which they had been implemented. In terms of Caldera’s relationship to the FTAA, it was clear to his negotiators that he was rather ambivalent towards a hemispheric trade agreement with the United States as he had historically been uneasy with

\textsuperscript{332} Ellner, \textit{Rethinking Venezuelan Politics} 101.
becoming overly dependent on that country.³³³ Caldera nevertheless agreed to go ahead with the negotiation of the agreement at the 1994 Summit of the Americas for several reasons. First, it was made clear that petroleum would not be part of the negotiations, which meant that there was no danger that Venezuela would be constrained in establishing its petroleum policy. Second, he displayed a certain “sense of solidarity” with Latin American neighbours, and wanted to remain in the midst of any discussion concerning the hemisphere. Last, Venezuela perceived it as an opportunity to exercise a leadership role in the region, particularly over the Caribbean, which it historically perceived to be in its sphere of influence.³³⁴ Incidentally, Caldera’s priorities in terms of foreign and economic goals, issues that received considerable personal attention from him, were to shore up Venezuela’s bilateral relationships with neighbours such as Brazil and the MERCOSUR countries.³³⁵ This ambivalence towards the FTAA meant that it was not the government’s priority, and that responsibility for negotiating the agreement was ensconced at the vice-ministerial level within the Ministerio de la Producción y el Comercio (MPC).

Between 1994 and 2001, Venezuela’s disposition towards the FTAA within the presidential office and generally throughout civil society was one of ambivalence. Its negotiators, however, were paradoxically constructive in their engagement with the agreement’s different working and negotiating groups. Venezuela’s ambivalence meant that there was little political interference, from either within or outside the institutional complex of the highly centralized Venezuelan state, in the negotiating team’s interaction with the FTAA negotiations. De facto, the negotiators became responsible for setting the government’s position towards the agreement.

³³³ Fidel Garofalo Laya, MPC Team Coordinator, interview by author, 1 April 2009, digital voice recording, Caracas, Venezuela.
³³⁴ Garofalo Laya, interview by author.
This autonomy was not an inherent characteristic of the Venezuelan state; rather, it was the result of a particular ‘crystallization’ of its institutional apparatus. This was largely due to the fact that the FTAA did not directly affect central agencies within the state, such as the Petroleos de Venezuela, S.A (PDVSA) which was responsible for petroleum exploitation, and that the presidential office was focused on other foreign policy imperatives that did not directly involve the MPC. Throughout this period, there was a lack of a consistent position concerning the many facets of the FTAA, and the coordination of the different negotiation groups at the ministerial level. This was a persistent lacuna in Venezuela’s negotiation of the agreement and something that its negotiators continually sought to address. Consequently, Venezuela’s position in the FTAA’s multiple negotiating groups, such as anti-dumping, was largely the result of the negotiators’ individual abilities and ideology. Additionally, there was a lack of oversight regarding what was being negotiated within the MPC. Negotiators felt little interest from their superiors regarding their respective negotiation groups, and found little accountability beyond filling out reports upon returning to Venezuela.\textsuperscript{336}

In addition to a lack of political direction, beyond periodic consultations, there was little involvement from civil society, business, or academic groups.\textsuperscript{337} Efforts were made to specifically consult the principal business organizations in the country, particularly the FEDECAMERAS and the Confederación Venezolana de Industriales (CONINDUSTRIA), in order to get their input. The FEDECAMERAS also participated in the Business Forums organized in conjunction with the FTAA. Overall, the negotiators felt as though the principal business organizations were generally positively disposed towards the FTAA as they liked the idea of increased market access. This support was nonetheless limited as the representatives were not well versed in the complexities of the issues being

\textsuperscript{336} Eduardo Pocarelli, Director General of Exterior Commerce at the MPC, interview by author, 31 March 2009, digital voice recording, Caracas, Venezuela.

\textsuperscript{337} Pocarelli, “Evolución de la Participación y la Posición de Venezuela en las Negociaciones del ALCA” 125.
negotiated at the different negotiating tables. The representatives were careful to insist on one point early—that their interests be secured in terms of raising the issue of the different levels of competitiveness in the hemisphere. In other words, they wished to see accommodations made in the FTAA, such as deferred liberalization for certain sectors of the economy, that would ensure that more competitive firms from North America would not eliminate less competitive ones from Venezuela.338 Although the major business organizations were generally supportive of the FTAA, this support had limits as it was not clear whether they endorsed the agreement in its entirety, including the issues raised in the various different negotiation groups. Venezuela’s business community had not developed a comprehensive and cohesive position towards the agreement, and displayed only lukewarm interest. This was matched by a limited engagement by other sectors of Venezuela’s civil society. Although trade unions were critical of certain aspects of the FTAA, for example, they had not significantly mobilized around the issue.339 This lack of pressure on the negotiation team from either outside the state, or within the state through other ministries close to these sectors, reinforced the degree of autonomy the MPC negotiating team experienced during this period.

During the first phase of the negotiation, Venezuela’s contribution to the FTAA, with its program of further liberalization, occurred in a context isolated and to a certain extent hidden from the political reality of the country. What was being negotiated at a technical level throughout Caldera’s presidency and the first year of Chavez’s presidency had few organic links with significant domestic constituencies. The increased politicization of the issue later in the Chavez presidency opened the way to a growing radicalization towards the issue that would have important ramifications on the content of its position and the structure put in place to negotiate it.

338 Pocarelli, interview by author.
339 Pocarelli, interview by author.
4.5 Ideology and Foreign Policy in the Early Years of the 5th Republic

Chavez’s election in 1998 signaled a turning point for Venezuela’s political life, as it represented a clear rejection of the political system that had dominated the country for the last thirty years and the neo-liberal reforms that were implemented under Perez. However, it was not immediately clear whether the political reforms instituted in the wake of his election, which focused primarily on elaborating a new constitution, consisted of a counter-hegemonic challenge to the groups that had benefitted from the Punto Fijo system, or whether it was an attempt to re-articulate their interests in a new hegemonic bloc. Furthermore, it was not entirely clear what his government’s position would be in relation to foreign capital, international financial institutions, and the United States, despite rhetorical denunciations of neo-liberalism during the electoral campaign. Moreover, it is important to repeat here that both Perez and Caldera had similarly denounced neo-liberalism during their successful electoral campaigns, while implementing neo-liberal reforms following their elections. Chavez’s position towards these different elements would coalesce gradually into comprehensive positions over the years subsequent to his election, as he faced increasing challenges by groups that were affected negatively by his reforms. These challenges came primarily from groups that had been privileged by the Punto Fijo system, such as the FEDECAMERAS and even the CTV, and were aligned with the opposition. The United States government offered cautious, and mostly indirect, support to these groups and their demands.  

Moreover, the Chavez government’s position towards economic policy, both in relation to domestic and wider foreign economic policies, would also coalesce after his first year in office. This was a result of the growing realization that certain economic policies conflicted with the broader Bolivarian political

---

340 Although the extent to which the United States was involved in the coup attempt remains unclear, Chavez believes that the United States’ support for certain sectors of the opposition contributed to “the idea and the perception that the U.S. government is supporting the opposition. It was that sense of security and support that led them to attempt the coup on April 11.” Hugo Chavez, Understanding the Venezuelan Revolution: Hugo Chavez Talks to Martha Harnecker (New York: Monthly Review Press. 2005) 134.
ideology that sustained the new constitution. This led to the effective collapse of the separation between
the political and the economic, a condition that is essential for neo-liberalism, and brought into focus
questions pertaining to regional integration, economic development, and the role of state. What began as a
broad nationalist disposition soon brought forth a deeper questioning of the ideologies that sustained
predominant political and economic structures. Incidentally, this process would bring into relief the
FTAA, which would be addressed more clearly with Chavez’s government program, ‘Socialism for the
21st Century.’

Initially, foreign policy was not at the center of Chavez’s political campaign, nor was it the focus
of his attention as he took office in 1999. His agenda was turned primarily towards constitutional change
and domestic reforms. In retrospect, he explained that this was done for strategic reasons, as his
government identified it as the opposition’s weakest link. Chavez explains:

...we decided to begin our attack on the political-legal structure, because it was the weakest of
them all, and, as you see, we were not mistaken. I thought our adversary was going to put up even
more resistance in 1999, but our attack was rapid and decisive. We struck for the heart, they did
not have time to regroup and here we are today.\(^{341}\)

The new constitution was ratified in a referendum with 72% of the popular vote, and would have
important ramifications, in terms of reframing its relationship as well as prompting confrontation, with
opposition elements within and outside the state. The new constitution also impacted the FTAA
negotiations. The constitution essentially undid the previous constitutional framework that had favoured a
corporatist system during the Fourth Republic and, instead, promoted a more “participatory” and “radical”
form of democracy.\(^{342}\) As such, Chavez’s government would invoke constitutional articles when
confronting reticent elements within the state itself. In subsequent years, Chavez would also invoke the
argument that the FTAA, as it was being negotiated, violated certain clauses of the constitution, and that

\(^{341}\) Chavez, Understanding the Venezuelan Revolution 56.
\(^{342}\) Ellner, Rethinking Venezuelan Politics 112.
he was constitutionally bound to submit any such agreement to a referendum. The new constitution shifted the superstructural terrain in which the government confronted different sectors of the opposition over the next few years and, relatedly, the manner in which it approached its foreign policy.

4.5.1 The Political Implications of Bolivarian Ideology

The adoption of the constitution of the Fifth Republic transformed Venezuelan politics in ways that were not immediately apparent. To invoke Bolivar was not a radically new phenomenon in Venezuelan politics. In the introduction to her interview with Hugo Chavez, Martha Hanecker explains that Chavez’s government was “undefined ideologically” because it did not assume Marxism “as the guiding ideology of the process, but rather Bolivarianism.” Further, Bolivarianism as a worldview does not directly address the issue of class struggle, but rather, “conceives of democracy as the political system that brings the maximum happiness to the people.” Gregory Wilpert is equally critical of the vagueness of Chavez’s conception of “twenty-first century socialism” developed in 2005, which Chavez argues is the continuity of Bolivarian ideology. Notably, references to Bolivarianism with respect to socialism - promoting values such as of liberty, equality, and fraternity - do not, argues Wilpert, necessarily demarcate it sharply from liberalism. These are valid arguments as Bolivarian ideology, as the entire Punto Fijo period demonstrates, can be used to displace class conflict by emphasizing the unity of the nation. During the Punto Fijo period, Bolivarianism was integrated into the hegemonic historical bloc’s ideological repertoire, specifically in order to disarm and de-legitimate the invocation of class politics that might challenge its hegemony. It was used successfully to displace class conflict to the outer margins of the political arena. This proved useful in marginalizing the left to pursue an unsuccessful guerrilla

343 Chavez, Understanding the Venezuelan Revolution 126.
344 Chavez, Understanding the Venezuelan Revolution 9.
345 Wilpert, Changing Venezuela By Taking Power 239-240.
insurgency strategy that effectively cut them off from any popular base.\footnote{Karl, The Paradox of Plenty 15-20.} Furthermore, the articulation of Bolivarianism during the Fourth Republic was consistent with the dominant ideology of ‘embedded liberalism’ that characterized the West during the postwar period. Notably, ‘embedded liberalism’ found expression in ISI development strategies in Latin America, ensuring stability through striving for full employment and corporatist structures, and diverse protectionist measures, to ensure the viability of nascent national industries. The Bolivarianism of the Fourth Republic strove to legitimate corporatist structures, to absorb or marginalize conflicting social dynamics. This brings forth the paradox that Bolivarianism was used as the official ideology of two seemingly very different political systems.

However, Hanecker’s and Wilpert’s criticism that Chavez’s use of Bolivarian ideology sidelined the question of class conflict is not entirely accurate. Specifically, although Bolivarianism does not address class conflict as explicitly as Marxism and tends to emphasize national unity, its usage during the Fifth Republic, nonetheless, has placed this type of conflict at the heart of Venezuelan politics and has been utilized to wage class-based politics. What differentiates Chavez and the Movimiento Quinta Republica (MVR)/Partido Socialista Unido de Venezuela (PSUV)’s conception and use of Bolivarian ideology, therefore, from previous iterations, is that they purport to take Bolivar’s teachings literally and wished to put them into action.\footnote{The MVR, founded in 1997, was the political party that was formed out of the clandestine Revolutionary Bolivarian Movement (MBR-200) movement composed of Venezuelan army officers of which Chavez would become a prominent leader. The MVR was dissolved in 2006, along with 11 other political parties supportive of the Bolivarian Revolution, so as to merge and create the PSUV.} Therefore, the constitution of the Fifth Republic did not put into place a representative political system that sought to channel political dynamics and to ensure stability like the political system of the Fourth Republic, but rather institutionalized radical forms of participatory democracy. Furthermore, in the new constitution, importantly, ‘happiness’ for all is enshrined in articles that ensure social and economic rights. Again, these could be approached as vague normative
commitments with no real applicability; but the Chavez government, to varying degrees of success, elaborated measures such as the misiones to ensure that they became a reality.

What enjoins the Chavez government’s claim to authenticity in rendering Bolivarianism so “revolutionary”, as Chavez puts, is the historical context in which it was being applied. It is one thing to articulate a discourse of economic rights in a context where full employment is sought, it is quite another to do so in a context of increasing social polarization expressed in income inequality and marginalization from the ‘formal’ economy. Furthermore, emphasizing radical democracy in relation to all aspects of social life, including economic policy, clashed with the separation of the political and economic that is essential to neo-liberalism. This separation is also a practical one, expressed in the growing reaction to neo-liberalism by Venezuelans in response to the reforms passed by the Perez and Caldera governments. By approaching Bolivarian ideology à la lettre in a context of social polarization wrought by liberalization, class tensions re-emerged as a reaction to the reforms carried out by Chavez in the name of Bolivarianism.

By legitimating its reforms by grounding them in a more ‘authentic’ Bolivarian ideology, Chavez’s government gained a powerful ideological tool, as it could label its opponents as anti-Bolivarian. In reference to this dynamic, Chavez explains:

> In two hundred years of Venezuelan history, the people have never felt such a sense of ownership over a constitution. This is an unbelievably important step in the revolutionary process, and not only ideologically, but also in that we have been able to plant the Bolivarian concept into the soul of the people to such an extent that the oligarchy that used to call itself Bolivarian no longer wants to be associated with Bolivar. They had hijacked Bolivar and now he is back with the people.\(^{348}\)

Much in the way that Bolivarianism was invoked to marginalize non-system political movements during the Fourth Republic, this ideology in its current form has been used to marginalize government opponents during the Fifth Republic. The difference lies with the fact that Bolivarian ideology was invoked in the

---

\(^{348}\) Chavez, *Understanding the Venezuelan Revolution* 106.
Fourth Republic to try to unify the nation and to displace class conflict to the margins, while it has been used in the Fifth Republic to highlight the discrepancy between the opposition and Bolivar’s legacy. Therefore, class conflict in its sublimated form was pushed to the margins of the political arena in the Fourth Republic, and emerged at the center of the political arena during the Fifth Republic. In conceptualizing Bolivarianism accordingly, it becomes possible to understand how, in the Fifth Republic, the ideology is central to political and economic divisions in Venezuela’s social formation.

Bolivarianism, as articulated by Chavez and the MVR, ultimately formed the ideological core of a counter-hegemonic movement within the political vacuum brought about by the crisis of authority as a result of the neo-liberal reforms and the collapse of the Punto Fijo system. Although this emerging counter-hegemonic project was not explicitly articulated around class conflict, it nonetheless helped to bring it into relief by insisting that Bolivarian values become a reality. This reality includes disbursing petroleum revenue to groups that were marginalized during the Punto Fijo period, particularly in the latter’s final phase in the 1980s. As such, it became possible to identify the line of demarcation between elements that supported the government and elements that opposed it. It is important to note that both groups were very much heterogeneous and changing, but one can largely identify the opposition as being constituted by the old elites that were favoured by the Punto Fijo system, including most fractions of domestic capital, and, less visibly, foreign capital. Groups that did not necessarily have commensurable interests in terms of liberalization and economic policy came to constitute the defenders of the Punto Fijo system. This opposition played itself out in civil society as well as in political society, with important ramifications for the FTAA. This is how the new constitution transformed, as Chavez claimed, the “legal-political structure” of Venezuela.

4.5.2 The Foreign Policy Ramifications of the New Bolivarianism

Despite the initial focus on reforming the country’s constitution, Chavez did make some general
pronouncements concerning the need to reinforce ties with Brazil, Colombia, and Guyana, which represented more of a continuation of Caldera’s foreign policy than a break.\footnote{Naim Soto, “La Política de Integracion de Hugo Chavez” 15-16.} Chavez also came under attack by his more radical supporters for focusing on political reforms without addressing socio-economic inequality, and was even criticized in some quarters for promoting neo-liberalism in the early stages of his presidency. In fact, leftist elements tied to the opposition charged him with favouring foreign over local capital, due to his preference for imports and foreign investment. This accusation was sustained by policies such as fiscal austerity, the overvaluation of the currency, and a sales tax to avoid inflation.\footnote{Ellner, Rethinking Venezuelan Politics 111-112.} It may have seemed that Chavez’s policy with respect to foreign policy and the country’s relationship with IFIs represented more of the same. Nevertheless, whether the Chavez government was aware of it at the time or not, the Bolivarian ideology that sustained its domestic political reforms had inherent ramifications for Latin American integration, sovereignty and the self-determination of peoples.\footnote{Rosalba Linares, “ALBA Integracion y Desarrollo: De Ideas a Realidades” Geoensenanza 12.1 (2007) 32.} More importantly, the government had not defined what it believed to be the appropriate role for the United States and IFIs in relation to these questions. A radical Bolivarian ideology of regional integration was the starting point from which the Venezuelan government would begin to conceptualize its role in the hemisphere and the world.

The Bolivarian ideal of Latin American and Caribbean integration was not only part of the government’s rhetorical repertoire; it was in fact institutionalized in Article 153 of the new constitution. The article framed integration as a means of ensuring the welfare of the people of the region, as well as regional economic, social, cultural, political, and environmental interests.\footnote{Naim Soto, “La Política de Integracion de Hugo Chavez” 22.} Importantly, Bolivar’s vision of Latin American and Caribbean integration, or pan-Americanism, did not include the United States, and
actually warned against encroachment against the United States. The United States would increasingly be portrayed as an impediment to this vision, and referred to as an imperialist power. Finally, Bolivarianism’s emphasis on social development and radical democracy would lead to a greater ideological disconnect with the FTAA’s project to institutionalize further liberalization at a location beyond the nation state. The link made by the Chavez government between the incommensurability of Bolivarianism with the FTAA highlighted the continued dialectical relationship between civil societies in national social formations and the ‘nebuleuse’ of global governance structures. This increasing tension between Chavez’s conception of Bolivarian ideals and the FTAA would eventually lead to the elaboration of a concrete alternative, as his regime would go through a process of radicalization over the next few years.

4.6 Chavez and the FTAA

Significant challenges to the FTAA began to take place before the April 2001 Summit of the Americas in Quebec City. The relative autonomy enjoyed by the MPC negotiating team began to dissipate, as the ruling MVR created a commission to study the FTAA within the national assembly. The MVR also began to mobilize against it at rallies where prominent members of the government, including Chavez, were linking the agreement to the deleterious effects of globalization. The discourse pertaining to the FTAA became increasingly inspired by the anti-globalization movement and particularly the Foro de Sao Paolo, according to the MPC negotiators. This did not have an immediate impact on the MPC

---

355 Pocarelli, Evolucion 126. The Foro Sao Paolo is a forum that assembles leftist political parties and organizations throughout Latin America, launched by Brazil’s Partido dos Trabalhadores (PT) in the 1990s, to deal with common questions and problems.
negotiating team, as it proceeded as it always did within the FTAA’s negotiation groups. Nonetheless, the discursive shift emanating from the presidential office and the legislative branch would begin to have an impact on Venezuela’s overall policy towards the FTAA, which would lead the MPC negotiating team to become increasingly marginalized. Without consulting the MPC negotiating team, Chavez signaled Venezuela’s new position towards the FTAA at the summit by adding clauses to statements endorsing representative democracy throughout the hemisphere, which clashed with his government’s advocacy for more participatory democracy. In addition to signing the final declaration conditionally, Chavez began to advocate that the 2005 deadline should be pushed back. This, he argued, would allow for a more democratic and transparent debate to take place in the hemisphere’s respective countries. Chavez’s position was welcomed by Brazil, which had argued for extending the formal deadline since the negotiations had begun. Additionally, it was here that Chavez announced that Venezuela, due to constitutional constrictions, could only adhere to the FTAA if it was passed by referendum. He was also instrumental in making the continued exclusion of Cuba from the Summit of the Americas an issue.  

This indicated to the hemisphere that Venezuela would begin to take a more prominent and critical position towards the FTAA, and it demonstrated that the state was still able to exercise agency in relation to supranational structures.

Following the Summit of the Americas in Quebec City, important changes began to affect Venezuela’s role and attitude towards the FTAA. The negotiating team, for example, began to receive directives regarding positions they should take in their respective negotiating groups. Negotiators were instructed to take a harder line in protecting Venezuela’s sovereignty and interests. This strategy, as well as Venezuela’s decision to join MERCOSUR, prompted estrangement between Venezuela and the

---

357 Pocarelli, Evolucion 127.
other countries of the *Comunidad Andina* (CA) which generally had a much more positive disposition towards the FTAA. Venezuela, consequently, decided to no longer cooperate with the other countries of the CA in developing a common position for the negotiating table.\footnote{Masia Vieweg, interview by author.}

The institutional arrangements that had marked Venezuela’s relationship to the FTAA further shifted as a result of this development. The MPC negotiating team no longer had to ensure that its positions were generally consistent with those of the rest of the member countries of the CA, which meant that Venezuela’s position could veer towards the more cautious positions of MERCOSUR in some matters, and toward more radical positions expounded by the HSA and Cuba in other matters. Venezuela’s disposition moved from one of constructive ambivalence, focused on resolving technical difficulties within the FTAA’s different negotiating groups, to a broader political role of opposition and counter-hegemony.

Another important expression of Venezuela’s shifting position towards the FTAA was a notable effort to concretize its government’s growing criticism towards that regional trade agreement. Venezuela, under Chavez, now thought of itself as being in a unique position to help along the integration of Latin America and the Caribbean, because it situated itself as the meeting point between the countries of the CA, MERCOSUR, Central American Common Market (CACM), and CARICOM. Furthermore, Chavez began promoting the idea that Venezuela could begin to use its petroleum resources as a tool to reinforce regional integration.\footnote{Naim Soto, “La Politica de Integracion de Hugo Chavez” 30.} Since Venezuela’s relationship with Andean countries was strained at that moment, as a result of their support for closer economic ties to the United States, it turned its attention towards not only MERCOSUR, but also the Caribbean. In relation to MERCOSUR, Venezuela formally asked to join the trade agreement and emphasized that it should be consolidated before Latin America
should ever consider entering a trade agreement like the FTAA.\textsuperscript{360} As for the Caribbean, Venezuela initially focused its attention on Cuba and rehabilitating the latter’s presence in the region; this attention eventually resulted in the creation of the Bolivarian Alternative for the Americas (ALBA). The ALBA came from a discussion between Fidel Castro and Chavez after a summit of Caribbean leaders in 2001, in which Chavez expressed his sentiment that he felt isolated in his criticism of the FTAA in Quebec City.\textsuperscript{361} Although the ALBA initially centered on an agreement concerning petroleum, it would eventually be expanded into a regional integration project. What is significant is that the ALBA was launched explicitly as an alternative and counterpoint to the FTAA.\textsuperscript{362} According to Paul Kellogg, this is confirmed by the fact that the ALBA officially seeks to reduce asymmetries between states, that it emphasizes the role of the state in development process, and that it directly challenges the logic of capitalism by rendering possible “trade-in-kind.”\textsuperscript{363} Furthermore, it was also created with the hemisphere’s social movements in mind, to demonstrate that another type of regional integration was possible that was not based upon neoliberal policies.\textsuperscript{364} In addition to Bolivarian ideology, the ALBA was also inspired by the government’s engagement with social movements such as the HSA, in terms of the concepts used in understanding the FTAA and articulating an alternative to it.\textsuperscript{365} Although the ALBA did not initially lead to concrete measures that would lead to regional integration, it played an important symbolic role in garnering opposition to the FTAA.

\begin{align*}
\textsuperscript{360} & \text{Marco Sibaja, “Venezuela's Chavez Says Wants to Join MERCOSUR” Reuters News 3 April 2001, Stauffer Library, Queen’s University, 5 March 2009 <www.factiva.com>.} \\
\textsuperscript{361} & \text{Aleida Guevara, \textit{Chavez, Venezuela and the New Latin America : An Interview with Hugo Chavez}, (New York: Ocean Press, 2005) 102.} \\
\textsuperscript{362} & \text{Jose Briceno Ruiz and Rosalba Linares, “Mas Alla del Chavismo y la Oposicion: Venezuela en el Proceso del ALCA y la Propuesto ALBA” Geoensenanza 9.1 (2004): 20.} \\
\textsuperscript{363} & \text{Kellogg, “Regional Integration in Latin America” 202-206.} \\
\textsuperscript{364} & \text{Hector De La Cueva, “Mar del Plata: El ALCA no Paso una Victoria de la Cumbre de los Pueblos” 88.} \\
\textsuperscript{365} & \text{Saguier, “The Hemispheric Social Alliance and the Free Trade Area of the Americas Process” 258.}
\end{align*}
4.7 Institutional Radicalization and the FTAA

From 2001 on, Chavez’s government went through a period of radicalization as a result of events that occurred within the country. Tension between the government and the opposition escalated substantially following the adoption of reforms by the government in November 2001 that sought to increase its control over the state petroleum company, PDVSA. These reforms threatened the prerogatives of organizations that had been hostile, or at least ambivalent, towards the government, the FEDECAMERAS and CTV, over the prized state enterprise. The rising tension between these two organizations, as well as other opposition organizations, and the Chavez government culminated in two important events in 2002. First, there was a coup attempt in April 2002 led by sections of the military’s high command, supported by the FEDECAMERAS and CTV, during which Chavez was temporarily detained. He was eventually returned to power after the plotters failed to obtain support from key sectors of the military, and the mobilization of massive pro-Chavez street demonstrations. Second, later that year, from November 2002 to February 2003, the PDVSA’s management, with support from the FEDECAMERAS and the leadership of the CTV, organized a capital strike against the government that led to an economic crisis that they calculated would cripple the Chavez government and lead to his removal from power. This was after Chavez returned several PDVSA executives, whom he had fired before the coup, to their positions as an olive branch to the opposition following the coup. The strike failed to dislodge the government after the FEDECAMERAS and CTV were not able to keep their broader membership in line with directives emanating from each organization’s leadership. These events highlighted the government’s tension-filled, and highly precarious, relationship with certain sectors of Venezuelan society, as well as certain sectors of the Venezuelan state such as the PDVSA.

---

Valencia explains that in the wake of the events of 2002, the government learned of the importance of popular mobilization beyond simple electioneering. Importantly, she argues that the government sought to transform the state through social movement engagement. More precisely, she explains that such a strategy means that: “Without dissolving the State, society assumes the misiones of government.”\textsuperscript{367} This strategy was in accordance with the new constitution, she claimed, as it called on the “protagonistic people” to convert the “planes de gobierno.”\textsuperscript{368} Subsequently, the Chavez government began to engage sectors of the state, which were either aligned with the opposition or not completely aligned with the government through different means. The fact that the principal organizers of the strike came from the PDVSA, one of the central institutions of the Venezuelan state, demonstrated that the structure of the Venezuelan state was highly fraught with divisions that became centers of resistance to MVR control of the executive and legislative branches. As Martha Hanecker explains, the principal mode of addressing these centers of resistance, after 2003, was to create parallel state structures, such as the misiones in the fields of health and education, as a way of dealing with hostile state institutions.\textsuperscript{369} The exception to this strategy was the PDVSA, due to its centrality and importance within the Venezuelan state complex, resulting from its control of the petroleum industry and resources stemming from it. After Chavez had declared that “the hour ha[d] arrived to wage the great battle for oil,” opposition elements within the PDVSA management were removed and replaced with cadres loyal to the regime, and the state company was renationalized.\textsuperscript{370} Following these removals, the PDVSA’s role within the Bolivarian Revolution was augmented and its policies were radicalized. The PDVSA would become an important


\textsuperscript{368} Valencia, “El ALBA un Cauce Para la Integración de Nuestra América .” Translation by author.


\textsuperscript{370} Ellner, \textit{Rethinking Venezuelan Politics} 119.
source of funding for the parallel institutions and programs of the Bolivarian Revolution, domestically and internationally, with its central role in the creation of PETROCARIBE and later the ALBA. For example, it has been involved in directly funding cooperatives and misiones. The increased role of the PDVSA and the tendency towards parallelism would have an important impact on the way Venezuela negotiated the FTAA.

Another important consequence of the coup attempt and the general strike was a further radicalization of Venezuela’s attitude towards the United States. Previous to these events, Chavez did not attack or denounce the United States as openly and directly as he did after them. Although the United States was not directly responsible for the coup, it became apparent that the United States was funding opposition groups. The fact that some agencies within the United States government issued statements that implied recognition of the coup leaders, although it officially opposed any such action, further exacerbated the relationship. The use of the word “imperialism” when referring to the United States became more prominent in the regime’s rhetoric, and the United States began to be portrayed as the country’s principal enemy. Consequently, the FTAA increasingly became associated with the United States’ imperial role in the hemisphere in the government’s conception of the negotiations and its pronouncements. This further dissipated the ideological obfuscation that clouded the link between global governance institutions and hegemonic national state projects such as the one between the United States and the FTAA.

4.8 Radicalization and Institutional Transformation

It is within the radicalized context after the coup attempt and strike that a Presidential Committee for the FTAA, different from the team that had been negotiating the FTAA on behalf of the MPC, was

---

371 Ellner, Rethinking Venezuelan Politics 199-201.
372 Ellner, Rethinking Venezuelan Politics 199-201.
formally established in February 2003. The MPC negotiators believed that in the eyes of the government, they were not critical enough towards neo-liberalism and were accordingly seen as not being in line with the government’s attitude. The relative autonomy that the MPC negotiating team had enjoyed during the first phase of the negotiations was constrained, and eventually eliminated. The institutional environment that surrounded the MPC negotiating team shifted, as class elements that had been neglected under previous iterations of the state under the Punto Fijo system and the governments of the 1990s were now being increasingly represented by the state, and in some cases directly engaged by it in initiatives such as misiones. The shifting dynamics within Venezuela’s superstructure since the election of Chavez in 1999 structured a different ‘crystallization’ of the state apparatus. Due to the structure of the Venezuelan state, with its continued centralization in the president’s office, the rising attention paid to the FTAA eventually led to the creation of the Presidential Commission for the FTAA. This organization, which was effectively an institutional parallel to the MPC negotiating team, would eventually displace it, by virtue of its proximity and direct links to the presidential office. This institutional recognition would have important ramifications on Venezuela’s role in the negotiations.

According to MPC negotiators, this shift began when Chavez started consulting Judith Valencia, an academic at the Universidad Central de Venezuela (UCV), upon the President’s initial interest in the negotiation of the FTAA in 2001. Following the events of 2002-2003, according to the negotiators, Chavez and Valencia agreed to create a presidential committee to oversee the negotiation of the FTAA, as they deemed it to be of growing importance to Venezuela’s overall project in the hemisphere. The Presidential Committee for the FTAA was founded, and was administered by Valencia for prominent civil servants and government members of the legislative assembly. The civil servants who staffed the

---

373 Pocarelli, interview by author.
374 Pocarelli, interview by author.
committee were directly recruited from the ranks of undergraduate students at the UCV, and trained to take on Venezuela’s new role in the negotiations. An important civil servant that would be on the committee was Victor Alvarez who was the newly promoted vice minister officially responsible for the MPC negotiating team.\footnote{Pocarelli, interview by author.} It was in his name that Venezuela officially submitted a series of documents critical of the negotiations between 2003 and 2004, to a series of institutions within the FTAA institutional framework.

It is with this institutional framework in place that Venezuela would enter its most radical phase during the FTAA negotiations. The Presidential Committee for the FTAA gradually began taking over the negotiation process from the MPC, which was incidentally still officially responsible for negotiating the agreement. This created an “uncomfortable” situation with parallel institutions responsible for negotiating the same agreement. The MPC negotiating team was put aside through budgetary restraints, which limited their ability to attend meetings and effectively marginalized them from the negotiation process.\footnote{Pocarelli, interview by author.} The new Presidential Committee for the FTAA would play an important in elaborating a comprehensive critique of the FTAA, while developing the concepts that would later form the basis for the ALBA.

Venezuela’s role in the negotiations shifted away from one that was ambivalent politically, yet quite active at a technical level, to one that actively sought to halt it or at least radically transform its structure. This was illustrated by the fact that although Venezuela played a constructive role in the negotiation of the FTAA during the Caldera presidency during the 1990s, the FTAA was spurred on by the individual beliefs and initiative of the negotiators. Therefore, once the issue became politicized as a result of activism, there was little room for the MPC negotiators to continue to promote the FTAA through technical participation. The politicization of the issue provided fertile terrain for the radical
reversal of Venezuela’s position towards the FTAA and its active pursuit of an alternative agenda, which consequently led to a disengagement from the technical aspects of the negotiations.

4.9 The Venezuelan Challenge to the FTAA

Once the Presidential Committee on the FTAA began to take over the negotiations from the MPC negotiating team in 2003, specific areas of the FTAA were targeted to make their message heard. Beginning in April 2003, Venezuela submitted a series of memoranda to the TNC and the CGSE which criticized several dimensions of the FTAA and presented an alternative model of development. Valencia sums up some of the principal arguments in those documents:

- The FTAA was not a simple trade agreement; rather what was being negotiated in its different negotiating groups amounted to a new supranational legal and institutional order.

- It was necessary to recognize that the FTAA was founded on an ensemble of theoretical and political suppositions that had not been sufficiently discussed among Venezuelan citizens and their organizations.

- The relation between the state and the market is not a subject that can be resolved once and for all based on general theoretical and political assumptions.

- The more the FTAA negotiations are accelerated, the less time citizens have to debate the agreement in a democratic manner.

- Intellectual property rights are an issue area that opposes the interests of multinational companies and poor countries from the South. It would notably impinge on the interests of peasant and indigenous populations.

- Venezuela sought to include clauses in the agreement that ensured that the compromises made by participating states would be consistent with the concept of state sovereignty and their respective constitutional obligations.

- Venezuela promoted the idea that all future programs for Latin America and the Caribbean would include the elimination of poverty and inequality as priorities.

- The unilateral vision promoted by the FTAA clashed with a basic conception of human rights set out by international law.

- In Venezuela, human, social, and economic rights are guaranteed by the constitution.
• One of the premises of the negotiations set out at the 1998 Ministerial Meeting in San Jose, that all laws of participating countries be consistent with the FTAA, amounted to a hemispheric constitution that would regulate inter-American relations.\footnote{Judith Valencia. “Venezuela Rompe el Cerco,” obtained through email correspondence for use by author, February 2005, Havana, Cuba. Translation by author.}

It is clear that, in addition to being influenced by discourses firmly grounded in Venezuela, such as the Constitution of the Fifth Republic, some of the concepts outlined above, and reproduced in documents such as a comprehensive memorandum submitted to the 2003 Miami Ministerial Meeting, take up themes and language similar to the ones used by the HSA, such as their Alternatives for the Americas.\footnote{The memorandum produced by the Bolivarian Republic of Venezuela Presidential Commission for FTAA, Ministry of Production and Commerce, \textit{Venezuelan Position in Relation to the Free Trade Area of the Americas} can be compared to the document produced by the Hemispheric Social Alliance, \textit{Alternatives for the Americas} 2002, 04 March 2009 <http://www.artus.org/system/files/alternatives+dec+2002.pdf>.} What is important to note, however, is that although some of the concepts may have come from the transnational HSA, Bolivarian emphasis on state sovereignty and constitutional inviolability was the center of Venezuela’s opposition to the FTAA. It was precisely this point that proved to be incommensurable with the content of FTAA, as well as the institutional structure that was put in place to negotiate it.

The first of the documents that represented Venezuela’s new position towards the FTAA was a memorandum submitted at the Puebla TNC Meeting in April of 2003, outlining its new approach to the FTAA at the negotiating table. The first concern was that the liberalization policies proposed by the FTAA would not actually ensure the welfare of the peoples of the hemisphere. The document quotes Dani Rodrik, a Harvard economist, stating that the policies of the Washington Consensus did not lead to growth in Latin America. It then prompts that the state and public policies need to be reintroduced into the debate as a means to achieve the goal of: “equitable, democratic and environmentally sustainable development.”\footnote{Bolivarian Republic of Venezuela, \textit{Venezuelan Position in Relation to the Free Trade Area of the Americas} 17-18.} The report proceeds to criticize the FTAA for having an ideological bias towards market...
forces regardless of historical circumstances and experience. Its second concern pertained to the asymmetry of the economies of the hemisphere. Concern was expressed that asymmetry was not only related to the size of the different economies of the hemisphere, but also to their structures. Therefore, the memorandum argued that simply reducing tariffs would not help in promoting sustainable development in smaller economies. Furthermore, Venezuela’s position was that CGSE should go beyond the technical assistance it pledged to smaller economies through the HCP, and it argued that a hemispheric compensatory fund be put into place to facilitate the redistribution of wealth between North and South. The third concern dealt with the transparency and democratic nature of the FTAA. Taking its cue from demands from social movements for increased transparency and democratic debate, Venezuela asserted that greater debate was necessary as the FTAA would lead to the “politico-institutional redesigning of State structure.” Consequently, Venezuela reiterated its demand that negotiations be extended beyond the 2005 deadline to permit more debate, and that greater consultation of civil society organizations take place. Venezuela’s fourth concern touched upon social and environmental affairs. Venezuela pointed out that despite the inclusion of language pertaining to social development, worker’s rights, and the protection of the environment in the declaration of principles of the different Summit of the Americas and ministerial declarations, nothing concrete had been proposed to reach those goals. Accordingly, Venezuela proposed that a negotiating group be created in collaboration with major labour, indigenous, and environmental groups to examine the question. Venezuela, from the point of view of this document, was proposing an agreement that was radically different from the one being negotiated in the FTAA framework. By proposing to reemphasize the role of the state in managing the economy to achieve goals that went beyond simply promoting economic growth, it introduced concepts that could not be

absorbed within the existing framework of the FTAA and its underlying ideology.

In addition to the memorandum that was submitted at the Puebla TNC, Venezuela submitted similar documents at a TNC meeting in San Salvador in July of 2003, at a CGSE meeting that same month that further outlined their proposed hemispheric compensatory fund, and at a TNC meeting in Port of Spain in October of 2003. Through these documents, Venezuela was trying to create a block, based on a radically different conceptualization of economic development, in order to transform the FTAA. It was especially trying to attract Caribbean countries to its position. While Caribbean countries were indeed interested in a hemispheric compensatory fund, they were conflicted in their criticism of the FTAA because of their continued dependency on the United States’ market. Although Venezuela’s ability to truly shift the terms of debate may have been limited, it certainly played a role in disrupting the ideological consensus that existed with the FTAA’s negotiation group. Additionally, many of the ideas and concepts proposed in these documents would eventually find voice again in the ALBA, the effects of which would eventually be felt beyond the FTAA.

Another prong of Venezuela’s strategy to shift the terms of the debate in the FTAA negotiations was the proposal of ALBA. As previously mentioned, the ALBA was created explicitly as an alternative to the FTAA in 2001. However, not much concrete progress was made on the project until 2004, at which point the FTAA was already in serious danger of collapse. This is when Venezuela and Cuba signed a petroleum cooperation agreement. However, the ALBA played an important symbolic role in demonstrating that an alternative model of development was possible beyond the policies of the Washington Consensus, which were at the heart of the FTAA. It would later take on greater importance as more countries would sign on and join the ALBA after the collapse of the FTAA in 2005.

---

382 Garofalo Laya, interview by author.
Additional memoranda were not submitted beyond autumn of 2003, as the Ministerial Meeting that was held in Miami in November of that year indicated the beginning of the end of the FTAA. Even after Brazil and the United States had come up with the “FTAA à la carte” compromise at that meeting, which would allow countries to choose what measures they wanted to adopt beyond a baseline that was never really defined, it became apparent that the FTAA would not be finalized before the 2005 deadline.\textsuperscript{384} It is during this period that Venezuela changed its position towards the FTAA – from trying to shift the terms of the debate to calling for its outright cessation.\textsuperscript{385} Adding to Chavez’s voice, there was a growing chorus of statements denouncing the neo-liberal basis of the FTAA from different regime leaders, such as Argentina’s president Nestor Kirchner, who blamed neo-liberal ideology for bankrupting his country.\textsuperscript{386} This made progress in the two years preceding the 2005 deadline very difficult, and prepared the ground for the impasse that led to the collapse of the negotiations.

Even with the compromise struck between Brazil and the United States, it became apparent that there were too many issues in the different negotiating groups that were not resolved. The participating states actually agreed before the 2004 Summit of the Americas in Nueva Leon that the FTAA would not be discussed as part of the official proceedings. The agreement inevitably came up, but there were no concrete resolutions beyond a statement in the Declaration of Principles that all of the countries were committed to finalizing the agreement before the 2005. The only country not to agree to that resolution was Venezuela, “because of questions of principle and profound differences regarding the concept and philosophy of the proposed model and because of the manner in which specific aspects and established

\begin{thebibliography}{99}
\renewcommand\bibfont{\footnotesize}
\bibitem{385} Masia Vieweg, interview by author.
\bibitem{386} Langan, “Bush Scrambles to Keep Free Trade Plans on Track at Americas Summit.”
\end{thebibliography}
timeframes are addressed.\textsuperscript{387} Events at the Nueva Leon Summit of the Americas prepared the ground for the final collapse of the FTAA.

Despite the resolution stating support for the FTAA at Nueva Leon, leaders were not able to conclude an agreement at the Mar del Plata Summit of the Americas held in 2005. The proceedings were largely overshadowed by protests and the parallel People’s Summit at which Chavez famously declared that: “Here, in Mar del Plata, FTAA will be buried.”\textsuperscript{388} The Declaration of Principles was made explicit through two very different positions. The first position maintained that economic integration and trade liberalization would contribute to economic growth and social development throughout the hemisphere. It finally recommended that FTAA negotiations resume in 2006. The second position, supported primarily by Venezuela and the MERCOSUR countries, stated that negotiations should not continue as the: “conditions are not yet in place for achieving a balanced and equitable free trade agreement with effective access to markets free from subsidies and trade-distorting practices, and that takes into account...the differences in the levels of development and size of the economies.”\textsuperscript{389} Despite declarations made that negotiations would continue beyond 2005, no such plan was put into place, and the negotiation of the FTAA effectively ended. Venezuela had successfully added its weight to a growing movement both at the state and sub-state levels that was mobilizing against the neo-liberal ideology that framed FTAA, and was able to bring it to an end.

4.10 Conclusion

Venezuela’s role in the FTAA negotiations, while significant, was not the determining factor in


\textsuperscript{388} Cormier, “Summit Protests Turn Violent in Argentina.”

\textsuperscript{389} FTAA Secretariat, Fourth Summit of the Americas: Declaration of Mar del Plata 4.
bringing about its demise. However, it played an important role in undermining the conceptual boundaries that constituted the FTAA negotiations. Notably, Venezuela was instrumental in challenging the FTAA institutional framework’s self-understanding and rhetorical projection that it was located in a depoliticized sphere beyond the state, and that it was concerned only with resolving technical impediments to a final agreement. Drawing on concepts elaborated by transnational social movements and the Chavez government’s particular variant of Bolivarian ideology, Venezuela’s insistence on national sovereignty and the role of the state revealed the link between the negotiations at a global governance level and at the level of national state institutions. In other words, it insisted on locating global governance structures in a political society that is dialectically linked with civil society. It did so in different institutional forums, including in the institutional inner core of the FTAA negotiations which the negotiation groups designed to be isolated from the political dynamics of the hemisphere. This further undermined the seeming autonomy of such institutions, and challenged the broader separation between the political and the economic, essential to neo-liberalism.

This chapter also argued that one cannot understand Venezuela’s actions in relation to the FTAA without reference to historical changes to its historical bloc. Notably, the evolution of Venezuela’s position makes sense in relation to a crisis of authority that came to afflict its social formation as a result of a wider organic crisis of capitalism that became increasingly acute during the 1980s. The crisis of authority became acute as a result of IMF-sponsored austerity measures and liberalizations. These reforms led to the complete de-legitimization of Venezuela’s political system and opened the political terrain to different political movements, including Chavez’s MVR movement. This chapter has argued that the volatile nature of Venezuelan politics and the overwhelming rejection of neo-liberalism were due to the structural consequences of petroleum dependence, which limited support for such reforms among Venezuelan elites and prevented the establishment of a non-petroleum hegemonic fraction of foreign
capital that supported such reforms in other countries. Incidentally, petroleum subsequently gave Chavez’s government the flexibility and the revenue to oppose the FTAA, and to establish an alternative to it in the ALBA.

The crisis of authority that came to afflict Venezuela was met by attempts to resolve it by rearticulating the political program of dominant classes with a more palatable variant of neo-liberalism under Caldera, as well as the growing rejection of the previous order under Chavez. This chapter argued that the constructive ambivalence exhibited by Venezuela in the early stages of the negotiations were due to a particular ‘crystallization’ of its state. Conversely, the growing radicalization of Venezuela’s position under the Chavez government, as well as the transformation of the institutional arrangement established to negotiate the FTAA, were structured by the growing polarization of its social formation and the growing radicalization of the Chavez government in view of the 2002 coup attempt and capital strike. These different factors amplified the degree to which the Chavez government perceived the FTAA specifically, and the United States’ role in the hemisphere generally, as impediments to its conception of Bolivarianism domestically and regionally. This set Venezuela on a path of confrontation with the FTAA that challenged its most basic premises.
Chapter 5. The Perspective of Venezuelan Negotiators on FTAA Negotiations

5.1 Introduction

Following the contextual analysis provided in chapter 4, this chapter will give voice to the negotiators who directly experienced the shifts that took place during the period that Venezuela negotiated the FTAA. This will provide insight into the manner in which dynamics both within the Venezuelan state and beyond it, at both domestic and supernational levels, shaped Venezuela’s position towards the FTAA. Notably, it will demonstrate the degree to which these shifts affected both the content of Venezuela’s policy towards the FTAA, but also the institutional structure that was established to negotiate the agreement. In keeping with an approach that emphasizes the viewpoint of the interviewees, these events will be examined through a timeline set forth by the negotiators themselves and confirmed by events and supporting documents.\(^{390}\)

The first phase of the negotiations spanned the period between the Miami Summit of the Americas in 1994 and the Quebec City Summit of the Americas in 2001. According to the negotiators, Venezuela’s negotiating team received little direction over this period from the higher instances of the state, notably from the president’s office, which meant that the negotiators had a large degree of autonomy in establishing their country’s positions vis-à-vis the FTAA. The negotiators described this period as one constructive engagement displayed by the negotiators in view of the low level of institutional and political interests in the negotiations.\(^{391}\) Therefore, the overall position displayed by Venezuela towards the FTAA during this period can be described as one of constructive ambivalence.

\(^{390}\) The timeline comes from fieldwork findings in interviews conducted by the author, and also from Pocarelli “Evolución de la Participación y la Posición de Venezuela en las Negociaciones del ALCA.”

\(^{391}\) The use of the word ‘technical’ by the negotiators alludes to an ability to master the more complex aspects of a modern and comprehensive free trade agreement. However, the frequent differentiation between what is considered to be ‘technical’ and what is considered to be considered to be ‘political’ or ‘ideological’ reveals that there is more to the distinction than a notion of professional proficiency. For more on this distinction, see p. 107.
Chavez’s election in 1998 did not have a dramatic immediate impact on the negotiation team. Changes began to be felt, however, at the April 2001 Quebec City Summit of the Americas. Chavez’s criticism of the FTAA at the Quebec City Summit marked the beginning of the second period of Venezuela’s negotiations of the agreement, which was characterized by greater ‘political’ interest in the question. The relative autonomy experienced by the negotiation group during the first phase began to dissipate in view of greater instructions to harden Venezuela’s position towards the agreement, and of the creation of the Presidential Commission for the FTAA as an institution parallel to the existing negotiations team. This second phase, which was still characterized by moderate rhetoric, lasted until the November 2002 Seventh Ministerial Meeting in Quito. The third phase, beginning at this time, persisted until the November 2005 Mar del Plata Summit of the Americas, and was characterized by the Presidential Commission taking over the negotiation of the FTAA. During this third and final phase of its relationship with the FTAA, Venezuela no longer participated in the negotiation groups in a ‘technical’ manner, but rather displayed a ‘political’ attitude towards the agreement. This ‘political’ attitude was characterized, among other things, as an explicit questioning of the neo-liberal ideology underlying the FTAA’s different proposals and the introduction of a counter-hegemonic discourse within its institutional framework. In view of these three phases of Venezuela’s involvement in the negotiations, Chavez’s assumption of power in 1999 needs to be seen as the event that engendered the transformation of Venezuela’s relationship with the FTAA that would alter the dynamic, and lead to the second and third phases.

5.2 Interviewee Biographical Information

The majority of the sources cited in this chapter were employed by the Ministerio de la Producción y el Comercio (MPC). The first source that was interviewed was Eduardo Pocarelli, who performed many functions within the MPC negotiating team, and whose official title was that of Director General of Exterior Commerce at the MPC. This position required that he get to know the issues going on
in the different negotiating groups intimately. He and Fidel Garofalo, the MPC team coordinator, wrote a book chapter on the evolution of Venezuela’s position towards the FTAA that proved to be an important source for this dissertation. Garofalo had a long career in Venezuela’s diplomatic corps before joining the MPC negotiating team and was particularly informative in terms of contextualizing the evolution of Venezuela’s foreign policy. Pocarelli also put this author in touch with Ignacio DeLeon who was a legal advisor with Venezuela’s Competition Regulation Agency, a position that impelled him to give legal advice to and participate in the MPC anti-trust negotiating team. Another source I interviewed from the MPC negotiating team was Carlos Masia Vieweg who was employed as its anti-dumping negotiator. Finally, I interviewed Luisa Romero Bermudez who was the Minister of the MPC between 2001 and 2005. She currently teaches economics at the Universidad Central de Venezuela (UCV) and provided salient information into Venezuela’s disposition towards economic integration with the United States.

I was also put in touch with and interviewed Juan Francisco Rojas Penso, an economist, who worked as the Secretary General of the Latin American Integration Association (ALADI). Although he was not acquainted with the intimate details of the FTAA negotiations, he provided important information on the broader context of Latin American integration, and insight into Venezuelan politics, as he worked closely with Chavez as an advisor on several trade files and taught economics courses at both the UCV and Universidad Simon Bolivar (USB). Another important source used for this chapter was Pedro Luis Echeverria who worked as Venezuela’s ambassador to the United States between 1994 and 1999. In addition to providing pertinent information on the Venezuela’s attitude in the early stages of the FTAA negotiations, he also proved useful in providing insights about the initial phase of Chavez’s presidency.

---

392 Pocarelli “Evolución de la Participación y la Posición de Venezuela en las Negociaciones del ALCA.”
5.3 The First Phase of the Venezuelan Negotiation of the FTAA

During the initial stage of the negotiations, from 1994 until the wake of the 2001 Summit of the Americas in Quebec City, Venezuela was interested in ensuring stable market access for its products into the United States, but this interest was tempered by the importance of petroleum revenue in its overall foreign policy matrix. This reliance on petroleum played an important role in shaping Venezuela’s attitude towards the agreement throughout the negotiations, as one of constructive ambivalence. For example, Fidel Garofalo explains:

In regards to the FTAA, the issue area of energy was put aside. This was not a coincidence, and you know why? Because Venezuela did not want oil to be included in the FTAA negotiations. This was an advantage we did not want to negotiate away as we already had a market, and its price in the market was already good. This depended on several factors, none of which had to do with Latin America. Access to markets was already guaranteed...so we decided not to put energy in the FTAA’s basket.\textsuperscript{393}

Nevertheless, there was some pressure from sectors of the economy that were interested in accessing the American market. Pedro Luis Echeverria, the former ambassador, explained that he was regularly hearing requests from entrepreneurs to ensure stable access to the American market. From his point of view, Venezuela was spending substantial amounts of money on lobbying to ensure market access, and a trade agreement to stabilize it would have been welcomed.\textsuperscript{394} However, this desire to stabilize the economic relationship between Venezuela and the United States was confronted with an awareness of the asymmetrical relationship, and indeed the asymmetry, between the United States and the rest of the Latin America. Luisa Romero Bermudez, a former MPC minister, explains that:

When we officially learned of the FTAA, we always perceived it to be a project that was managed by the United States in a way that favoured their interests, and not necessarily our interests. Perhaps because the United States is a very big country with a very big market, as well as being a big producer of industrial and agricultural goods, we asked ourselves whether we needed to develop a preferential agreement through a free trade agreement. We were against the FTAA because we concluded that there was no way to remain in a preferential situation in relation to the

\textsuperscript{393} Garofalo Laya, interview by author.  
\textsuperscript{394} Echeverria, interview by author.
United States. There were nonetheless people from the business community and other institutions, which perhaps thought that it would be good to have that sort of relationship with the United States in terms of market access. True, from the point of view of trade it is good, but what matters are the conditions under which this access is ensured. It would be good for some companies to sell goods in the United States, but conversely they can take over all of our markets. There is a big difference between our economies...It is a problem that affects all underdeveloped countries.\(^{395}\)

The pro-FTAA position of sections of Venezuelan business was a common position held in Latin America, as the agreement was seen as a way to compensate for the liberalization of their own markets.

These economic considerations were accompanied by more geopolitical considerations in terms of Venezuela’s relationship with the rest of Latin America. Garofalo further explains:

> It was participation out of a sense of solidarity with other countries without much enthusiasm, and I will explain why. At that time the president was Caldera, who was serving his second term as president, and he was a Christian Democrat, which meant that he was very conservative and never sympathized with the United States. Generally, he was more oriented towards Europe. To put things into historical perspective, during his first presidency he initiated proceedings to renegotiate a friendship and commerce treaty with the United States because he believed it to be unfair, that all of the treaties with the United States were unfair. So there was no enthusiasm, but Caldera nonetheless agreed to proceed with the FTAA because countries from Latin America asked for it. And as far as Venezuela was concerned the main issue was put aside so we had no problem with participating. Additionally, it would place Venezuela in a good leadership position in relation to the rest of Latin America, a role that it performed well, particularly vis-à-vis the Caribbean, during Caldera’s first presidency, during Carlos Andres Perez’s presidency, and during Luis Herrera Campin’s presidency.\(^{396}\)

The willingness to participate in the negotiations combined with an over-arching ambivalence towards the process set the tone for the first period of the negotiations. Daniel DeLeon explains that this ambivalence was also present within the business community. This was illustrated by the fact that different sectors of the economy had different attitudes towards the agreement, but also that the protectionist instinct that had been developed and nurtured since the beginning of the Fourth Republic, still predominated. He explains:

> Venezuela did not embrace the FTAA wholeheartedly, not even in the pre-Chavez days. The Group of Three preceded the FTAA and the Andean Group signed a bilateral agreement with

\(^{395}\) Romero Bermudez, interview by author.

\(^{396}\) Garofalo Laya, interview by author. Note: Rafael Caldera’s first presidency (COPEI) spanned the years 1969-1974, and his second presidency (Convergencia) spanned the years 1994-1999. Carlos Andres Perez’s presidencies (AD) spanned the years 1974-1979 and 1989-1993, while Luis Herrera Campin’s presidency (COPEI) spanned the years 1979-1984.
Chile before the FTAA. So the FTAA was a natural progression from these agreements. But even in those days Venezuelans were not convinced of the benefits of free trade. The business community was very much against it.397 From these different accounts it is apparent that Venezuelan economic elites were divided on the question of the FTAA. This would set the stage for the actual negotiation of the FTAA in terms of the institutional structure within the Venezuelan state that would be established to negotiate the agreement. As will be examined below, the initial period of the negotiation would be characterized by a low level of interest from elite actors, which effectively meant that negotiators had a large degree of autonomy in setting the agenda.

Despite the little interest exhibited by Caldera and the upper echelons of the state, Venezuela participated in the negotiations in good faith. The negotiators, by their own accounts, participated effectively in promulgating the evolution of the agreement in its many working and negotiation groups. The good faith and constructive attitude adopted by the negotiators was largely the result of their own initiatives. Pocarelli explains that in the early stages of the negotiations:

> We, as a negotiating team at the time, felt as though there was little interest in the FTAA at the political level. In terms of our high level of participation in a technical manner, we did not have political guidelines about what to negotiate; rather, we read the constitution and came up with general positions because we did not have the President or a high level minister telling us ‘this is the position of Venezuela.’ Therefore, as a group we took up technical positions, and you know how these things work: you have a large document, you give it to the minister, and he does not have time to read it.398

Consequently, the negotiators felt as though they had a large degree of autonomy in which to conduct the negotiations. Carlos Vieweg Masia explained that:

> The dynamic was that the ministry (MPC) had to give us permission to buy tickets to go to the meeting, and it was very organized. There was a group of people in the ministry that met before and after every meeting, and we spoke of what went on in the negotiation groups: if there were any controversial issues in our groups that might be brought to the TNC or whatever. It was very

397 DeLeon, interview by author. Note: The Group of Three was a free trade agreement signed by Venezuela, Colombia, Mexico that came into effect in 1995, which Venezuela subsequently left in 2006.

398 Pocarelli, interview by author.
organized at the ministerial level. We went to the meetings and then sent memorandums to the ministry. It was perfect. We did this from 1994 until about 2002 to 2003, 2002 at least.399

As such, the negotiations were addressed not as a ‘political’ matter, but rather as the domain of technicians. Pocarelli explains that:

In the first period I could say that we were respected by the rest of the Latin American delegations because we sent people who were technically proficient, the best in each of these groups.400

Venezuela’s participation in the negotiations in this first phase was characterized by a low degree of politicization in terms of interest in the upper echelons of the state. It was clear that once petroleum was taken off the table, before the negotiations were officially launched in 1994, the FTAA was not seen as an important priority for Caldera’s government.

In terms of civil society input and interest in the FTAA negotiations, the interviewees indicated that overall there was a low level of interest from different civil society groups during the first phase of the negotiations. Consultations with civil society organizations, primarily with business organizations, nonetheless took place and were integrated within the policy development process. However, the low level of political interest in the negotiations within the state was mirrored within civil society. Pocarelli explains that:

The participation of civil society in the negotiation process was very low at that time. I can responsibly say that they did not have a good idea as to what was going on with the process. When we asked people from the main chambers of commerce, the FEDECAMERAS, and especially people from the CONINDUSTRIA who we assumed would be well versed in the technical aspects of the negotiations, they sent people who had no idea about such matters...CONINDUSTRIA participated once in the meetings, one or two times, but only touched on the general theme of 'please respect the size of small economies.'401

Despite the minimal interest demonstrated by civil society, the business organizations were nonetheless

399 Masia Vieweg, interview by author. Note: The Trade Negotiation Committee (TNC) was tasked with coordinating the work of the FTAA’s different negotiation groups and ensuring that all countries were able to fully participate in the proceedings.
400 Pocarelli, interview by author.
401 Pocarelli, interview by author.
favourably disposed towards the FTAA negotiations. Pocarelli explains that:

Yes, so everyone was thinking that the negotiations would be positive for Venezuela, civil society did not have a negative opinion of the FTAA....But, I don’t know if, in relation to their opinion, if they knew the implications of the negotiations for the country, and they simply preferred to have a positive opinion because most of the members of the chambers of commerce had a good view of the United States and the hemisphere.402

Despite the indication put forth by Pocarelli that the business community generally had a positive disposition towards the negotiations, it is important not to overestimate their support for principles underlying the FTAA. Notably, the business community was insistent that any future agreement respect the specific needs of smaller economies, which essentially implied a demand for gradual liberalization, and that special measures be granted to such economies. This position was informed more by Venezuela’s ISI past than a wholehearted endorsement of liberalization. These demands essentially put into question the agreement as it was being promoted by the United States until 2003. Furthermore, the different interviewees explained that as there was little interaction with other sectors of civil society, such as with trade unions or mobilizations by social movements, the negotiators assumed that they were generally supportive of the way the FTAA was being negotiated.403 It was essentially a process driven from within the Venezuelan state with little connection with civil society actors or significant agencies within the state.

5.4 The Second Phase of Venezuela’s Negotiation of the FTAA

The election of Hugo Chavez in 1998 did not lead to an immediate transformation of Venezuela’s disposition towards the FTAA. As explored earlier, a disposition towards Bolivarian pan-Americanism certainly served as a starting point for the government’s foreign policy. Indeed, Bolivarian pan-Americanism was the starting point for many of Venezuela’s governments since democracy had been

402 Pocarelli, interview by author.
403 Pocarelli, “Evolución de la Participación” 125.
reinstated in 1958. However, the specific content and form of Bolivarian pan-Americanism that took shape under Chavez developed gradually and fitfully. One of the central questions to be resolved was the role that the United States would play within Latin America’s different integration schemes. Initially, Chavez and his government were not necessarily opposed or hostile to the United States’ presence in Latin America, as the regime was primarily focused on constitutional and domestic reforms. However, the constitutional and domestic reforms brought into focus the limits that would be imposed on the state by the FTAA.

The transformations that began to take place were subtle at first, yet indicated that the FTAA would become the object of increased interest from several quarters. Pocarelli explains that the early years of Chavez’s presidency:

The situation then changed a lot during this period. In the National Assembly, some of the deputies created a commission named the Comision para el estudio de la propuesta del ALCA, a commission to study the FTAA, and I remember that they asked us questions about the process and the negotiations two or three times. Nonetheless, even the most chavista of them kept a very low profile in relation to the negotiations. They did not mention anything about imperialism, and the commission was generally quiet...And also the President of the Republic in Venezuela traditionally has a lot of influence in relation to the foreign policy agenda, but during this period President Chavez did not mention anything important about the FTAA negotiations.

Though the Comision para el estudio de la propuesta del ALCA initially exhibited a hands off attitude towards the negotiating team, its creation signaled shifts that were taking place in other quarters of the state apparatus that would eventually make their way to the agency responsible for negotiating the FTAA. Things began to shift fundamentally in the months leading to the Quebec Summit of the Americas in April of 2001. In the months preceding the agreement, Chavez began to make statements that were critical of the FTAA. For example, he exclaimed that the FTAA was “one of the roads to hell” and that Latin

---

404 Historically, the ideology of pan-Americanism has taken several forms, some of which included the participation of the United States and others that rejected it. For more on this tension between the different iterations of pan-Americanism, see Fawcett, “The Origins and Development of the Regional Idea in the Americas” 27.

405 Echeverria, interview by author.

406 Pocarelli, interview by author.
America should focus on consolidating already existing integration schemes. Over the next two years, the constructive ambivalence that characterized Venezuela’s attitude towards the agreement would be transformed, as would the relationship between the FTAA negotiating team and its own government.

The pronouncements made by Chavez before, during and after the Quebec Summit of the Americas, signaled a shift not only to the rest of the Americas, but also to Venezuela’s state apparatus. This was taken to be the new ‘line’, which was acted on as a directive. Pocarelli explain that in the:

…Fourth Republic, then the Fifth, the President usually had enough power to set the agenda. So, take for example, a technical public officer at the Ministry of Foreign Affairs. What they do is execute the line.

What exactly this meant for the FTAA negotiating team was not clear, but changes began to take place. He explains that from the:

Quebec City Summit until the Quito Ministerial Meeting, Venezuela’s technical participation in the meetings was moderate, because I remember that we were accompanied by members of the National Assembly to those meetings....That was very uncomfortable for us because we were still participating in the negotiation groups in a technical manner at the time. I mentioned that it was very uncomfortable for us because, you know, even if you have a political officer with an important position, they might not be able to address technical issues. In terms of the political participation, I can say that it was moderate as the government’s rhetoric at the time was still moderate...the participation of Venezuelan civil society nonetheless increased.

The accompaniment of the delegates from the National Assembly to the ministerial meeting was uncomfortable for the negotiating team, as it was the first time that such political attention had been paid to what had been up to that point the preserve of ‘technical’ negotiators.

This strategy by Venezuela represented a significant departure from the established practices of the negotiations, and signaled a turning point in the negotiation of the agreement. Up until that point, disagreements between states, primarily between the Brazil and the United States, were limited to the ministerial level and pertained largely to broad technical matters such as the deadline, and the status of

---

407 Cabrera Lemuz, “Venezuela Sides with Brazil on Hemispheric Free Trade.”
408 Pocarelli, interview by author.
409 Pocarelli, interview by author.
issue areas such as agriculture. The technical work of the negotiation groups, which provided the momentum that drove the negotiations forward, had largely remained isolated from political dynamics. Furthermore, the introduction of a discourse critical of the ideology that formed the basis of the FTAA within the more technical forums of the negotiations was also novel and quite disruptive. This was accompanied by a growing mobilization of civil society within Venezuela around the issue of the FTAA.

By this time, the government had put in place a minister and vice-minister that were more sensitive to its ‘line’ vis-à-vis the FTAA. The vice-minister at the time, Victor Alvarez, had decided to politicize the FTAA by mobilizing civil society around the issue. One such effort was a conference that invited different sectors of civil society. Pocarelli explains:

> During this period, people within the public and private sectors began to understand that the negotiations were important for Venezuela, and that it could have both positive and negative effects. I decided that we in the ministry decided to not speak of the negative effects...and I remember that we organized a big forum to discuss the negotiations, and we invited many international experts to speak to that theme. We even had the budget to invite Amyarta Sen, but he could not come...It was a big forum, but I remember that people from the Bolivarian Circles came to participate.

However, the presence of Bolivarian Circles associated with the Chavez government demonstrated, according to Pocarelli, a degree of political hostility to the FTAA that was surprising to the delegates. He explains:

> As a forum for debate, there was participation from people from the private and public sectors, people from different ideologies, people from the opposition and the government. I remember that I had to make a speech about the evolution of the FTAA...and I remember some guys were doing the chavista clap when I was talking because I was trying to be objective and impartial about the negotiations. But I felt as though there were some people in the forum who wanted a more radical discussion. I remember that the guy from the Mexican bureau of negotiations was totally pro-free trade. He wrote a book on the benefits of Mexico’s economic openness, and when he spoke it seemed as though the more radical participants were ready to kill him...I remember that after the meeting I subscribed to a radical website associated with the government and I was listed as an

---

410 Pocarelli, interview by author. Amyarta Sen, a professor of economics and philosophy at Harvard University known for his work on the economics of poverty and development, was invited to the conference as an expert to speak to the potential ramification of the FTAA. Bolivarian Circles were loosely organized chavista community and workers councils that launched a broad array of initiatives such as health and education. They have largely been replaced since 2003 by more formal participatory structures.
enemy of the revolution as a result of that meeting, although I was still employed by the government.\(^{411}\)

The paradox of being listed as an enemy of the revolution led by a revolutionary government, yet at the same time being an employee of this same government, was an example not simply of the disjunction that can exist between agencies within a state apparatus. It was also a foreshadowing of the *paralelismo* that would transform the ministry, the MPC negotiating team in particular, in the months following the conference. The creation of parallel institutional structures consisted of the establishment of new revolutionary institutions closely tied to the presidential office that opposed old state structures sometimes tied to the opposition. An example of this strategy was the government’s creation of the *misiones* that provided services that overlap with the jurisdiction of existing state structures in issue areas such as health and education. Additionally, it was indicative of the growing radicalization of the government’s foreign policy with a greater emphasis on the concept of imperialism. Growing opposition to the United States’ role in Latin America was accentuated by the fallout from the 2002 coup attempt, which prompted the growing polarization of the entire Venezuelan social formation. Garofalo explains that:

> In the meanwhile, the FTAA was no longer simply a trade issue. It became a political issue, a bad political issue. It was no longer about negotiating in good faith; it became a matter of ‘us against the empire.’\(^{412}\)

As such, this period augured a transformation of the conceptual terms of the FTAA negotiations within the Venezuela state, as well a shift in the state structure itself. One of the negotiators describes this period as such:

> During the years 2002-2003, Venezuela began to take on strong positions. These years were very convulsive, as in 2002 there was the coup attempt and the general strike. It was very very convulsive. Even in the ministry, the negotiations were very convulsive. Let me tell you something, you had the Ministry of Commerce...and within the ministry a presidential commission

\(^{411}\) Pocarelli, interview by author.  
\(^{412}\) Garofalo Laya, interview by author.
for the FTAA was created when there was already a team within the Vice-Ministry of Commerce that was in charge of the negotiations.\textsuperscript{413}

Within the political chaos and polarizations of the period, Chavez decided to create a Presidential Commission for the FTAA to run the negotiations. Officially, the Vice-Ministry of Commerce within the MPC would still be responsible for the negotiations, but it would increasingly encounter and sometimes compete with the parallel the Presidential Commission that was also charged with running the FTAA negotiations. This situation made it even more “uncomfortable” for the MPC negotiating team. The negotiators felt as though their prior negotiation of the FTAA had rendered them suspect in the eyes of the government. For example, Masia wondered rhetorically:

Why create a Presidential Commission for the FTAA to be in charge of the negotiations? Because you don't trust your employees.\textsuperscript{414}

Pocarelli added that the relationship between both entities was strained as the:

…commission thought that everyone who worked at the ministry was neo-liberal.\textsuperscript{415}

During this chaotic period marked by growing political polarization, the political fault line that characterized the Venezuelan social formation was reproduced in the institutional structure of the FTAA negotiation effort. On the one side there was the old MPC negotiating team associated with neo-liberalism, though it is important to note that this was not necessarily the ideology of the entire team; on the other side, there was the new Presidential Commission for the Negotiation of the FTAA that was tasked to carry out the government’s new ‘line’ in relation to the FTAA.

5.5 The Final Phase of Venezuela’s Negotiation of the FTAA

According to the MPC negotiators, the creation of the Presidential Commission for the

\textsuperscript{413} Masia Vieweg, interview by author.
\textsuperscript{414} Masia Vieweg, interview by author.
\textsuperscript{415} Pocarelli, interview by author.
Negotiations of the FTAA was largely the result of the influence of a particular academic at the UCV named Judith Valencia. One MPC negotiator characterized this process as follows:

Now what happened in Venezuela, when Chavez came to power he knew nothing about the FTAA, on the contrary, the first declarations he made indicated that he wanted to work with the United States so as to create a new partnership and so on. My opinion, and from what I saw, I came back here in 2000 from my last diplomatic posting in Vienna, Chavez was already under the influence of the left movement in Venezuela. Unfortunately, at the beginning, there was what I considered to be the intelligent left, people who were from the university and acted in good faith; but Chavez began to take on a more extreme approach, adopted a more leftist worldview, and surrounded himself with people we considered to be the left of the left...It was the worst of the left...professional students with some ideas who began to influence the president. He is someone who is quite impressionable...And some of them began to show the president that the FTAA was another measure from the United States to attempt to influence all of the decisions emanating from Latin America in an imperialistic manner.

Another negotiator describes the creation of the Presidential Commission for the FTAA as follows:

So it was very difficult for us when the government’s position began to change to a more ideological one. Something happened between both phases that was very uncomfortable for the technical group. A woman named Judith Valencia, she’s a professor of communism at the UCV who can be situated politically on the radical left. She went to the president and told him: “we need to control the negotiations because it is very dangerous for the country and the revolution to involve the United States in our matters.” I feel as though the left did not actually read the content of the negotiations because they said it would effectively lead to a loss of jurisdiction over the public sector among different things. If you did not want to involve yourself in the public services negotiation, it was not a problem, but she was very interested in notifying the president of this possibility. Consequently, the president gave her the authority to create a Commission for the FTAA, this was around 2002; and Victor Alvarez, who was the vice minister at the time, was also a member of this commission.

The creation established a parallel agency to the MPC negotiating team to essentially carry out the new ideological disposition. As indicated above, MPC negotiators, such as Pocarelli and Masia, felt that they were put aside because they had been ideologically compromised because of their previous participation in the negotiations. It would be through this commission that Venezuela would begin to put forth counter-hegemonic ideas within the institutional context of the FTAA negotiations.

---

416 The Presidential Commission for the Negotiations of the FTAA will heretofore be referred to as the Presidential Commission for the FTAA.
417 Garofalo Laya, interview by author.
418 Pocarelli, interview by author.
419 Pocarelli, interview by author; Carlos Masia Vieweg, MPC Anti-Dumping Negotiator, interview by author, 26 April 2009, digital voice recording, Caracas, Venezuela.
Although the negotiators interviewed point to Valencia as the primary motivating force behind the creation of the commission, there were other important institutional players involved in its creation and administration. For example, Masia explains that the:

Presidential Commission was presided by the Ministry of Production and Commerce, the president of the PDVSA, the Ministry of Foreign Relations, the Ministry of Agriculture, deputies from the National Assembly, and a professor from the UCV. But there was no representative from the Vice-Ministry of Commerce.\textsuperscript{420}

The Commission was put under the direction of members of each department mentioned, including the vice-minister responsible for the MPC negotiating team. Moreover, members from the National Assembly were involved, which does not seem completely out of the ordinary in terms of possible options the state can pursue, in terms of coordinating policy in view of multilateral negotiations. However, what was unusual was that the MPC negotiating team was excluded from this new agency, though the vice-minister responsible for the team was a member of that commission. Furthermore, what also made the Commission out of the ordinary was its composition. Pocarelli explains:

She (Valencia) began to train undergraduate students that she trusted and she began to inform those students about the negotiation process, which culminated in a group of about twenty-five people. In addition to training this group herself, she asked us about our technical expertise and to make a presentation about the evolution of the negotiations. It was very uncomfortable because she did not have any authority other than she was close to the president and the (MPC) minister at the time, Ramon Rosales. He was a very politically-conscious guy, and I remember him telling me “you have to move carefully because I do not want to have problems with these people, so if they ask you to make a presentation, you have to go there and make a presentation.” But he was also uncomfortable because he was the minister, and he was supposed to be in charge of the whole process.\textsuperscript{421}

The discomfort was increased as the commission gradually began to take over the negotiations from the MPC negotiating team. The MPC negotiating team was never officially removed, but was gradually set aside. Masia explains:

They created a parallel team in charge of those negotiations and, as far as I know, they used to go

\textsuperscript{420} Masia Vieweg, interview by author.
\textsuperscript{421} Pocarelli, interview by author.
to the (FTAA) meetings with one person from the ministry and one person from this team. As time went by, they ended up sending just one person from this (Presidential Commission) team. So they began to put aside the people from the ministry and took over the negotiations. And, as far as I know, they did not participate in the negotiation groups and did not talk because they were simply students from the university who had no negotiation experience. They were there to listen to what was going on and to take notes. Venezuela’s participation in the negotiations during this period was at more of a political level.\footnote{Masia Vieweg, interview by author.}

Through a gradual process of attrition, the Commission took over the duties of negotiating the agreement. The MPC cut the MPC negotiating team’s funding to a point where they were having difficulty attending meetings while the Commission team was receiving a budget to attend the meetings. It was through their capacity to attend the FTAA negotiation meetings that the Presidential Commission team effectively replaced the MPC negotiating team. Pocarelli further explains the gradual takeover of the negotiations:

\begin{quote}
We did not have enough money to go into the negotiations and one day we were informed that these people (from the Presidential Commission for the FTAA) were attending technical group (meetings) without our consent. They had no training and participated in these groups with no information about the evolution of the negotiations. So we, as public officers, were kind of amazed because we were officially in charge of the negotiations. And I remember that I wrote a letter saying that I was not responsible for their actions, although I was officially in charge. I indicated that I was not responsible for these people as they were not employees of the ministry. Between 1994 and 2004 we had technical experts attending all of the meetings. After these developments it was people from these groups who attended the meetings until the end of the negotiations. I remember that we named these people ‘ALCA boys.’ They were not in fact ALCA boys, but they were the ones attending meetings and most of these guys subsequently became ministers and vice-ministers.\footnote{Pocarelli, interview by author.}
\end{quote}

It was through a strategy of shifting resources coordinated at the higher instances of the Venezuelan state that the MPC negotiating team was removed from its jurisdictional responsibilities.

The interviewees explain that the Presidential Commission for the FTAA negotiating team was composed of members with little training or interest in matters pertaining to the multilateral negotiations. They were not, in effect, actively participating in the technical aspect of the negotiations. The fact that they did not adhere to the basic principles of the ‘epistemic community’ that was cultivated within the FTAA’s negotiation groups meant that they had little to contribute in those forums. In fact, Pocarelli...
recalls the following reaction after a more politicized speech made by the vice-minister in Puebla:

I remember that I was at a vice-ministerial technical committee meeting in Puebla, which was my last meeting, and I remember that he was talking about ideological matters. The rest of the teams there looked like they were staring at a strange guy. They were like: “You are talking about this here, but we are not interested in talking about this here.” And I remember one negotiator, but I don't remember whether he was from Chile or the US, said: “If you are not interested in the FTAA negotiations then what you can do is withdraw and leave the negotiations, but we want the FTAA agreement, we want it with or without Venezuela.” This created a very conflictive atmosphere within the negotiation groups.  

When asked why, according to him, Venezuela stayed in the negotiations though it did not adhere to the ideological premise that had shaped the process to that point, Pocarelli explained:

Venezuela decided to stay not because it wanted to have the FTAA. Rather they wanted to get their message through that the FTAA should not be an agreement, that there should be a different agreement.

The Presidential Commission for the FTAA wanted to convince the rest of the delegations that the FTAA was not optimal for the Americas. It did so by focusing its attention on the TNC, the institution responsible for coordinating all of the different negotiation groups, and the CGSE, which was responsible for ensuring that the interests of smaller economies were looked after. Essentially, the Commission drafted a series of memoranda critical of the negotiations for the TNC in a bid to put forth counter-hegemonic concepts within the negotiations. It also sought to increase its influence by focusing on the CGSE, proposing a hemispheric structural compensation fund similar to the one that had been elaborated in the EU. In the end, as indicated by the interviewees, many of the members of the Commission team went on to important positions within the Venezuelan government.

### 5.6 Conclusion

Venezuela’s negotiation of the FTAA went through three phases, which varied according to the balance of ‘technical’ and ‘political’ involvement. The event that set the dynamics in motion, and that

---

424 Pocarelli, interview by author.
425 Pocarelli, interview by author.
brought about the changes that marked the differentiation between these phases, was the election of Hugo Chavez. This election was part of the growing politicization that influenced the FTAA negotiations within Venezuela, and contributed to a decline in its ‘technical’ engagement, but it was not an automatic causative event. The constructive ambivalence displayed by Venezuela in the first phase of the negotiations was marked by its ‘technical’ engagement in the FTAA’s different negotiation groups. This attitude of constructive ambivalence was engendered by the minimal interest displayed by political forces and civil society organizations in the FTAA, which was encouraged by the fact that petroleum would not be affected by the negotiations in any way. Chavez’s election did not have an immediate impact, therefore, on Venezuela’s negotiation of the agreement. The growing incongruence between the Chavez government’s domestic and foreign policy goals, and the FTAA’s vision of integration, culminated in the first shift in Venezuela’s approach to the negotiations beginning at the Quebec City Summit of the Americas. The MPC negotiating team went from a state of relative autonomy in determining Venezuela’s policies to one of greater political implication in terms of different state and civil society forces. Despite the growing political attitude paid to the FTAA during this first period, the MPC negotiating team continued to participate in the negotiating groups as it had previously. The tendency towards politicization and radicalization was amplified by the events of 2002, which led to the perception within the Chavez government that the FTAA was not only incongruent with its goals, but was in fact antagonistic to them. This had important consequences both on the form and content of Venezuela’s engagement with the FTAA. In terms of its content, Venezuela became much more unequivocal in its rejection of the FTAA and tried to inject a counter-hegemonic discourse within the institutional framework of the negotiations. In relation to its form, the institutional structure of the manner in which Venezuela engaged with the FTAA was linked to broader changes that were occurring within the Venezuelan state. Notably, that old state structures were being supplanted or doubled by new
‘revolutionary’ structures, which created situations of *paralelismo*. This had the effect of further radicalizing Venezuela’s attitude towards the FTAA by linking it with the broader process of the Bolivarian Revolution. In the third phase, Venezuela’s attitude towards the FTAA became one of antagonism, based on the articulation of an alternative and counter-hegemonic position to what was being proposed.
Chapter 6. Brazil and the FTAA Negotiations

6.1 Introduction

Brazil may not have been as radical as Venezuela in its disposition towards the FTAA negotiations, but its structural strength in the hemisphere meant that it nonetheless had a determining role in the coming apart of the negotiations. From the beginning of the FTAA negotiations in 1994, and during the preparations for the Miami Summit of the Americas, Brazil displayed an attitude of caution towards the negotiations. This caution was not necessarily based on a rejection of the agreement’s underlying neo-liberal ideology, but on the interrelated dual imperatives maintaining a degree of autonomy in its sub-regional interactions, satisfying the demands of competing dominant class fractions. Reticence towards the agreement during the first phase of the negotiations, until 1998, was based primarily on slowing them down in order to ensure that Brazil’s economy could catch up to North America’s in terms of competitiveness. The 1999 exchange crisis, which conjugated the growing discontentment of different domestic social forces in relation to neo-liberalism, combined with the increased unilateralism in the United States’ foreign policy, had important ramifications for Brazil’s position towards the FTAA. With the 1999 exchange crisis, there were signs of increasing disenchantment with the Plano Real, and indeed neo-liberal policies, implemented by Fernando Henrique Cardoso in 1994 while he was finance minister, that brought Brazil’s economic model into question. The political consequence of this crisis was the exacerbation of the de-legitimization of the neo-liberal policies that were implemented over the previous decade, and of the political parties that had supported them. Subsequently, this opened the political field to the rise of the left-wing Partido dos Trabalhadores (PT), which was previously considered to be an outsider party with a critical attitude towards the FTAA. However, the strength of financial capital was such that it was able to obtain assurances from the incoming PT president. Accordingly, Lula published the famous “Letter to the Brazilian People”, which limited the scope of possible domestic reforms and, to
a lesser extent, imposed limits on its foreign policy. Nevertheless, a shift vis-à-vis the FTAA did occur once the PT came into power. It became apparent that Brazil would be much more unequivocal in its demand that agricultural subsidies, among other things, be addressed either within the FTAA negotiations or beyond them in order for hemispheric negotiations to become a reality.

This shift was the result of modifications to the structure of the hegemonic bloc in Brazil, that began with Cardoso and continued with Lula, to reduce the Brazilian economy’s reliance on FDI for foreign exchange. The aim was to limit Brazil’s vulnerability to external shocks by replacing FDI with a greater reliance on agricultural and low value-added industrial exports. The increased importance paid to agricultural interests, as well as certain fractions of industrial capital, represented the re-articulation of the finance capital’s leadership in a re-composed national hegemonic bloc in view of the crisis of authority wrought by the 1999 exchange crisis. The re-articulation of hegemony of finance capital within Brazil’s national social formation had the paradoxical consequence of pressuring the Brazilian state to challenge a regional hegemonic project, the FTAA, which would have consolidated the United States’ hegemony. Specifically, the hegemony that was being pursued by the United States on the behalf of finance capital, its leading fraction of capital, so as to expand and consolidate the Dollar Wall Street Regime (DWSR) throughout the hemisphere. Essentially, the integration of Brazilian agricultural and industrial capital within a hegemonic bloc at the national level, under the management of the PT, required a degree of policy flexibility that put it at odds with the FTAA. Hence, two institutional projects, one led by the Brazilian state and the one led by the United States through the FTAA, came into conflict over how to best ensure the interests of financial capital within Brazil’s social formation. The re-articulation of Brazil’s hegemonic bloc led to a quantitative shift in terms of the intensity with which Brazil insisted that agricultural subsidies and anti-dumping measures be addressed in or around the FTAA. Additionally, contrary to its predecessors, the PT government sought to achieve this goal through greater cooperation
between developing countries, which satisfied the more radical elements of the PT’s base without putting the finance capital’s interests into question. Ultimately, the Brazilian state’s assertion of sovereignty in relation to its foreign economic policy challenged the ideological foundation upon which the FTAA was established. Although Brazil’s actions did not have the explicit counter-hegemonic ideological content of Venezuela’s actions, its challenge, combined with those of other MERCOSUR countries and Venezuela, amounted to a counter-hegemonic challenge against the United States’ hemispheric leadership embodied in the FTAA.

6.2 Brazil as a ‘Sub-Imperial’ Power

An important aspect of Brazil’s action during the negotiation of the FTAA was that, even at its most oppositional, Brazil never expressed its desire, in terms of rhetoric, for a complete rupture with the United States. Brazil’s opposition to the FTAA, in its most radical phase, was framed in an ideology of national sovereignty that did not place it in explicit and frontal opposition with the United States’ leadership in the hemisphere, but that nonetheless undermined the ideological framework of the FTAA. More precisely, the United States was not conceptualized as being an imperial power that needed to be directly challenged and eclipsed in order to achieve national sovereignty, as was the case with Venezuela under Hugo Chavez Frias. Rather, the ideology of national sovereignty for Brazil, at its most radical, meant transforming the asymmetrical power relations that structured its relationship with the United States on a case by case basis, in a way that would occasionally put both countries at odds with each other. Additionally, Brazil remained largely within the ideological bounds of the Washington Consensus, with the important exception that it challenged the consensus in relation to the role of the state in the development process, which contradicted the ideological separation of the political and the economic that
was at the heart of the FTAA. At first, during its more moderate phase, Brazil sought to modify the framework of the FTAA to make it consistent with its interest with a view that it would become a reality; then, after 1999, it challenged the United States more openly and was successful in changing the framework of the negotiations in a way that a successful agreement by 2005 became unlikely. These changes took place as a result of shifting domestic economic imperatives which were nonetheless characterized by the continued structural strength of financial capital, much of it still largely American in origin, within Brazil’s social formation. Understanding the tension between the Brazilian state’s goal of achieving greater autonomy in the context of external and internal subordination to the United States can be facilitated through an examination of the concept of sub-imperialism.

Guy Mauro Marini explored the manner in which Brazilian foreign and economic policy had been framed by the exigencies of its domestic class configurations throughout the 20th century, which incidentally had historically been marked by the penetration of foreign capital. In relation to this dynamic, Marini elaborated the concept of ‘sub-imperialism’ to explain the relative autonomy exercised by Brazil in relation to American foreign policy on certain questions. Marini concluded that Brazil had greater autonomy on matters that were not of immediate concern to the United States, and exhibited subservience on matters that were. This relative autonomy, according to Marini, was directly structured by the nature of Brazil’s asymmetrical economic relationship with the United States, notably the relationship between domestic capital and American capital. Overall, this meant that Brazil’s size and economic diversification

---

426 The gap between neo-liberalism’s approach to state intervention, and the continued emphasis on the importance of state intervention held by several Brazilian state leaders, such as Cardoso and Lula, needs to be put into the context of Latin American neo-structuralist theory of economic development. It was the continued emphasis on “politics” and “institutions” that gave neo-structuralism an advantage over a conventional neo-liberal approach to development. As Fernando Ignacio Leiva explains, although this emphasis on politics and the state indicates a gap between neo-liberalism and neo-structuralism, “it is safely penned within the parameters prescribed by the United States’ new institutionalist economics: overcoming market failure, reduction of transaction costs, coordination, and risk management in the context of globally integrated markets.” Fernando Ignacio Leiva, Latin American Neostructuralism: The Contradictions of Post-Neoliberal Development (Minneapolis: University of Minnesota Press, 2008) 32.
granted it a greater degree of autonomy compared to other Third World countries, but that this autonomy was subordinated by the economic exigencies of its relationship with the imperial center. David Zirker, inspired by Marini’s concept, added that the ‘fluctuation’ between relative autonomy and subordination was not only thematic, but also temporal. For example, broader dynamics such as decreasing American investment, the exhaustion of the ISI development model, and increased energy prices in the 1970s, pushed Brazil to pursue a more autonomous foreign policy. Therefore, for Marini and Zirker, Brazil’s subordinate relationship to the United States was not simply the result of externalized state-to-state asymmetries in terms of capabilities, but more importantly the result of the imperial nature of the relationship expressed in the structural importance of American capital within Brazil’s social formation. It was this structural penetration that simultaneously enabled Brazil to play a leadership role in South America during certain periods, and limited its overall autonomy in relation to the United States. What also needs to be emphasized is that Brazil had been periodically pushed, out of consideration for its domestic economy, to seek to modify the nature of its relationship with the United States. Put differently, the imperialistic nature of Brazil’s relationship with the United States, in relation to its domestic capital, has periodically driven it to deviate from, or try to modify, official American state foreign policy. It is through the broad conceptual outline of ‘sub-imperialism’ that the nature of Brazil’s relationship with the United States and the FTAA will be examined. What follows is a brief review of Brazil’s ‘sub-imperial’ relationship with the United States during the 20th century that will contribute to contextualizing what

---

427 Ruy Mauro Marini, “Brazilian Subimperialism” Monthly Review 23.9 (1972) 15-20. Marini believed that the dynamic of subimperialism originated within processes operating within a country’s domestic political economy. It was based on an integrationist yet antagonistic relationship between domestic capital and imperialism, in that industrial production and expansion during the 1960s was based on the superexploitation of the working class and was not matched by a domestic market able to absorb its production. This led to an extreme polarization in the domestic class structure, which engendered marked political tensions.

occurred within the FTAA negotiations. Notably, the evolution of Brazil’s actions in and around the FTAA was an attempt to solve a long-standing contradictory structural tension inherent in its subordinate relationship to the United States.

6.3 From the ‘Policy of Approximation’ to ISI

Throughout the 20th century, Brazil’s economic structure and the nature of its insertion in the global capitalist economy changed dramatically. For example, in 1907, agriculture accounted for four-fifths of Brazil’s output, and by 1973 industry’s share of output was twice that of agriculture.429 Brazil began the 20th century in a state of classic dependency in terms of its reliance on the agricultural sector for exports, primarily to the United Kingdom. Additionally, Brazilian agriculture’s output was dominated by a single commodity, coffee, which made it vulnerable to price fluctuations for that commodity.430 Accordingly, Brazilian state and society were marked by a minimalist state dominated by landowning interests situated in a few localities, and by a highly unequal social structure with little possibility of social mobility.431 Although extreme social inequality remained a characteristic of Brazilian society throughout this period, its economy would go through a period of significant transformation following Getúlio Dornelles Vargas’ (1930-1945) ascension to power.

According to Peter Evans, in the years following Vargas’ ascension to power, the Brazilian state gradually went through a period of modernization and centralization that permitted a transition towards an industrialized economy. Brazil went from a period of ‘classic dependency’ during which it exported

430 Evans, Dependent Development 58.
431 The presidency usually rotated between the states of Sao Paulo, in which coffee production dominated, and Rio Grande do Sul, in which meat and dairy production predominated, with someone from Minas Gerais periodically replacing the latter. Edmund Amann and W. Baer “The Roots of Brazil’s Inequality and President Lula’s Attempts to Overcome Them” Brazil Under Lula: Economy, Politics, and Society Under the Worker-President eds. Joseph Love and Werner Baer (New York: Palgrave Macmillan, 2009) 28.
primary goods in exchange for manufactured goods, to a state of ‘dependent development.’ This state of ‘dependent development’ was buttressed by a more interventionist state and the growth of foreign direct investment in Brazil’s manufacturing sector. This period was also marked by a decline in the economic dependence on the United Kingdom for exports and imports. Subsequently, Brazil turned its economy significantly towards the United States. This relationship was marked by what Evans called the “internalization of imperialism,” a condition characterized by the establishment of subsidiaries within Brazil by alliances with local capital as well as the state. The predominant share of decision-making capacity and ownership remained in the imperial center, which is why, according to Evans, the relationship remained one of dependency.

Although this relationship was not one of equals, the growing diversification of investment following the Second World War, particularly with Europe and Japan, gave greater negotiating power to the Brazilian state and to local capital. The search for trade diversification would remain an important goal in Brazil’s economic and foreign policy throughout the rest of the 20th century and into the next. Diversification was perceived by policymakers, notably by the Itamaraty, Brazil’s foreign ministry, as a strategy through which to increase Brazil’s autonomy vis-à-vis the United States and other large economies. The shift from an agricultural economy to an industrialized economy based on ISI, as well as the shifts away from a dependence on trade with the United Kingdom towards the United States, and later other economies, had an important effect on Brazil’s foreign policy and its attitude towards its regional neighbours.

Brazil’s foreign policy in the twentieth century was heavily influenced by José Maria da Silva Paranhos, Jr., the baron of Rio Branco and Foreign Minister (1902-1912), whose strategy was oriented by a two-pronged strategy to ensure its interests. The first aspect of its strategy was to settle Brazil’s borders.

---

432 Evans, Dependent Development 77-83.
This was achieved at the beginning of that century, to calm any fear that its neighbours may have had that it wished to expand beyond its existing borders.\textsuperscript{433} The second prong of this strategy was to establish a close relationship with the United States in order to enhance its position regionally and to pre-empt any encroachment by a European power. This was done by publicly accepting the Monroe Doctrine. This “policy of approximation,” which positioned Brazil as the United States’ representative in the southern cone, went hand in hand with Brazil’s economic shift from the United Kingdom to the United States.\textsuperscript{434} Brazil’s siding with the Allies during the Second World War further reinforced its close relationship with the United States and its regional influence vis-à-vis Argentina, its regional rival, which supported the Axis powers.\textsuperscript{435} Its close relationship with the United States, however, would be troubled over the next two decades as Brazil sought a more autonomous foreign policy, and as the United States focused on the extra-hemispheric concerns engendered by the Cold War.

Despite the generally pro-American and liberal internationalist foreign policy conducted by Vargas’ successor, Eurico Dutra (1946-1951), Brazil’s relationship with the United States deteriorated as it felt neglected in view of the funds provided to Europe through the Marshall Plan without any further funds for its own industrialization. This was despite Brazil’s close cooperation with the United States during the war. Brazil pursued an increasingly autonomous foreign policy upon Vargas’ return to power (1951-1954), by focusing on the priorities resulting from its industrialization rather than on the foreign

\textsuperscript{433} Due to the size of its economy and military, Brazil’s hispanophone neighbours, particularly Argentina, have historically espoused scepticism as to its intentions in the region. Consequently, it has taken great care for the most part to mask any leadership role in the region. Burges, Brazilian Foreign Policy after the Cold War 43.
\textsuperscript{434} Burges, Brazilian Foreign Policy after the Cold War 19-20.
\textsuperscript{435} Brazil’s close relationship with the United States was not without its problems before 1942, the year it officially joined the war effort, as it maintained close economic ties with Germany and refused to sign a trade agreement with the United States that would have excluded Germany from its economy. Irwin Gellman, Good Neighbor Policy: United States Policies in Latin America, 1933-1945 (Baltimore: Johns Hopkins Press, 1979) 47.
policy and economic priorities of the United States. Notably, it was during Vargas’ second presidency, marked by more nationalist and statist policies, that the Brazilian state claimed a monopoly over the exploration and refining of petroleum, and created Petrobras, the state-owned petroleum company. Furthermore, the state created the Banco Nacional de Desenvolvimento Economico e Social (BNDES), which would become an important financier of industrial development. The ascendancy of desenvolvimento continued during the presidencies of Juscelino Kubitschek (1956-1961), and Joao Goulart (1961-1964). It was essentially during this period that the institutions of Brazil’s ISI framework were established and that autonomy from the United States became a broad goal in Brazil’s foreign policy.

Kubitschek’s government sought to achieve several goals in launching the Operação Pan Americana (OPA) in 1958. It sought to simultaneously promote national development through regional cooperation and to repair the growing rift that was emerging between Latin America and the United States on the matter of development strategies. The OPA garnered little interest from the United States, which pushed Kubitschek to question the ‘policy of approximation’ that had been established by Rio Branco at the beginning of the 20th century towards a more independent foreign policy. Although the OPA failed to interest the United States, it led to the creation of the ALALC in 1960, which later became the ALADI in 1980. The ALALC was firmly based in the structuralist ideology of the ECLAC and complemented the ISI policies in place in much of Latin America.

437 Evans, Dependent Development 92-93.  
438 Desenvolvimento was the ideological consensus that dominated Brazilian economic thinking since the 1940s. It originated from Raul Prebisch and the ECLA’s ideas about development and industrialization, and combined with traditional support for protectionism among nationalists. Wilber Albert Chaffee, Desenvolvimento: Politics and Economy in Brazil (Boulder, Co: Lynne Riener Publishers, 1998) 117.  
439 The OPA was launched following Richard Nixon’s, who was vice-president at the time, disastrous tour in Latin America in which negative popular opinion was made apparent in the street.
A further emphasis on autonomy was demonstrated by discussions of withdrawing from the IMF and refusing to endorse sanctions against Cuba. The short-lived presidency of Janio Quadros (January 1961-August 1961) embellished this tendency rhetorically by pitting Brazil against the United States and by promoting greater solidarity among developing countries.\(^{440}\) It was under Goulart that Brazilian foreign policy began to depart in earnest from the interests of the United States. Broadly, Goulart stated that foreign policy should serve the interests of Brazil, addressing economic development and improving the living conditions of Brazilians. Furthermore, he re-established diplomatic relations with the Soviet Union, refused to support sanctions against Cuba, and began commercial exchanges with the People’s Republic of China, all of which angered the United States. The United States, and notably the Central Intelligence Agency (CIA), contributed to rising tensions that led to the overthrow of Goulart by the military and the establishment of a dictatorship.\(^{441}\) Although the military dictatorship marked a return to a more pro-American stance, Brazil would increasingly express discontent with the limits imposed by this relationship.

The presidency of Humberto de Alencar Castelo Branco (1964-1967) renewed Brazil’s policy of close cooperation with the United States, creating a bulwark against communism in Latin America. In exchange for this cooperation, Brazil was the beneficiary of a massive transfer of military aid, IMF and

---

\(^{440}\) Burges, Brazilian Foreign Policy after the Cold War 22-23. Quadros resigned as president in order to shock the Brazilian political establishment to give him extra-constitutional powers to pass an unpopular IMF-sponsored economic and financial program. However, during his brief presidency Quadros managed to alienate almost every sector of Brazilian society, including conservative sectors, with his hardened foreign policy, and his resignation was promptly accepted by the Congress. Ruth Berins Collier and David Collier, Shaping the Political Arena: Critical Junctures, the Labor Movement, and Regime Dynamics in Latin America (Princeton: Princeton University Press, 1991) 532.

\(^{441}\) Bandeira, “Brazil as a Regional Power and Its Relations with the United States” 16. There are many interpretations as to what dynamics contributed to Goulart’s overthrow by the military. For example, Collier and Collier explain that the coup was due to growing social polarization between labour and conservative sectors of society stemming from the lack of integrative capacity of centrist parties. Collier, Shaping the Political Arena 513. Cardoso, instead, points to the confluence of interests led by oligarchic elites and foreign capital that encouraged the military coup. Alvaro Bianchi, “Constructing Hegemony: The Evolution of the Pensamento Nacional das Bases Empresariais” Latin American Perspectives 33.3 (2006) 52.
World Bank loans, as well as increased investment from American multinationals. Castelo Branco believed that the *desenvolvimento* ideology that guided the industrializing and statist policies, as well as the more independent foreign policy agenda pursued by his predecessors, were the cause of increased tension with the United States. Therefore, his government liberalized the economy and cut ties with Cuba. Castelo Branco’s economic ministers, who were supporters of orthodox liberal monetary and fiscal policies, focused on fighting inflation by reducing demand, which upset industrial interests that had originally supported the coup. According to Luiz Alberto Moniz Bandeira, Brazil’s economy had shifted significantly through industrialization during the 1950s, which meant that it could no longer revert to policies that were entirely complementary to the United States’ economic interests.

Furthermore, a growing sense that this closer relationship with the United States cost more than it was worth began to permeate the military establishment, as military aid plummeted throughout Castelo Branco’s presidency. This brief reinstatement of the ‘policy of approximation’ was made difficult to sustain in the midst of economic transformation that required Brazil to pursue its own economic interests in order to buttress its industrial structure. The growing incongruence between a foreign policy that mirrored the interests of the United States and the pursuit of ISI development policies did not lead to a return to democracy and populism. Instead, a more conservative wing of the military came to power, but one that associated economic sovereignty with development, and elaborated a competitive stance towards developed countries and one of solidarity with other Third World countries.

The presidencies of Artur da Costa e Silva (1967-1969), Emílio Garrastazu Médici (1969-1973), and Ernesto Beckmann Geisel (1974-1979) pursued similar nationalist foreign policies in terms of searching out new markets for Brazilian exports away from the United States in both the agricultural and

---

442 Chaffee *Desenvolvimento* 128.
443 Bandeira, *Brazil as a Regional Power and Its Relations with the United States* 16-17.
444 Burges, *Brazilian Foreign Policy after the Cold War* 24.
industrial sectors. This search for alternative markets did not lead to a marked increase in regional ties as a potential means of countering its dependence on the United States. The nationalist policies pursued by Brazil’s military dictatorship led to heightened tension with Brazil’s historical ally, Argentina.\textsuperscript{445} Bandeira explains that Brazil’s search for new markets did not constitute a revision of the world order or a challenge to it, but rather an attempt to ameliorate its position within the hierarchy of the global capitalist order.\textsuperscript{446} This period coincided with the height of Brazil’s economic growth, which lent the regime some optimism in terms of the possibility of development.\textsuperscript{447}

It was also during this period that Brazil was able to diversify its trade profile, significantly through arms production, away from the United States and towards Europe and Japan, in a way that reduced its dependence on that single market.\textsuperscript{448} Additionally, there was a focus on deepening relations with Bolivia and Paraguay during the Medici and Geisel governments, but this represented more of an effort to open up new markets and access to inexpensive energy than creating comprehensive regional partnerships. Furthermore, this initiative was viewed distrustfully by other South American countries, particularly Argentina. Brazil was increasingly viewed as a competitor that sought to increase its own state hegemony over the region.\textsuperscript{449} In sum, this period was marked by an attempt to garner greater autonomy along narrow nationalist lines, which would later be contrasted with attempts to increase its autonomy through regional projects. Though this was a period of an apparently relatively stable relationship of subordination between the United States and Brazil, the latter sought to modify the terms of the former’s hegemonic power in the region so as to assert its changing role with other Latin American states. This was done by Brazil’s successive military governments so as to channel benefits to its leading

\textsuperscript{445} Vigevani \textit{Brazilian Foreign Policy in Changing Times} 16.
\textsuperscript{446} Bandeira, \textit{Brazil as a Regional Power and Its Relations with the United States} 18.
\textsuperscript{447} Burges, \textit{Brazilian Foreign Policy after the Cold War} 24.
\textsuperscript{448} Evans, \textit{Dependent Development} 69.
\textsuperscript{449} Burges, \textit{Brazilian Foreign Policy after the Cold War} 25.
economic sectors, notably industry, as part of its ISI economic model in order to ensure its political legitimacy.

As mentioned above, by the mid-1970s, the ‘quest for autonomy’ was encouraged by increasing difficulties related to the exhaustion of the ISI model and a rising debt. In 1974, the first petroleum shock troubled the Brazilian ‘miracle’ of increased economic growth with an average of 11% growth in GDP over the previous seven years. As a response to the crisis, the Geisel government pursued a policy of economic expansion through the borrowing of international credit and the increase of the monetary supply. Consequently, Brazil’s external debt grew exponentially between 1974 and 1979. For example, the annual servicing of the interest on the external debt grew from $500 million in 1974 to $4.2 billion in 1979.\footnote{Chaffee, Desenvolvimento 132-134.} As in other Latin American states, growing debt and economic stagnation in Brazil engendered the de-legitimization of both ISI and the military authoritarian governments that ruled the country. Therefore, there would be a growing alignment between the emerging Washington Consensus and Brazil’s democratic rulers in terms of what they believed to be a link between market liberalization and liberal democracy.

### 6.4 The Collapse of Authoritarianism and the Transition to Liberalism

General Joao Batista de Oliveira Figueiredo’s presidency (1979-1984) was marked by the worsening of economic conditions as the second oil shock impacted the Brazilian economy. This led to an increase in energy prices, interest rates, a halt in foreign loans and investment stemming from the 1982 debt crisis, and to a drop in exports following a recession in the industrialized economies. In the midst of a recession and rapidly ascending inflation, the Figueiredo government turned to the IMF, American financial institutions, and commercial banks for an emergency loan to dampen inflation and the growing...
trade imbalance. Growing economic instability undermined the military's authoritarian rule. However, it legitimized itself through competent economic management and development, and this in turn led to growing demands for democratization. Meanwhile, the economic crisis led to a dramatic decline in support for the political front of the military, the Aliança Renovadora Nacional (ARENA), in the midst of a political liberalization program initiated by Geisel, to the advantage of the opposition parties. Consequently, the military lost the 1984 indirect elections, which marked the beginning of the transition towards democracy. Growing pressure from domestic forces demanding a resolution to the economic crisis as well as pressure from international financial institutions would contribute to a transformation in Brazil’s development strategy. And, significantly, the Brazilian state also began to shift its attitude towards regional agreements.

6.5 Liberalization and Democratic Reform

The policy of regional isolation could no longer be sustained as rampant inflation and debt, as well as political pressures to democratize, confronted the Brazilian military political establishment. This crisis forced a retreat from the pursuit of an autonomous foreign policy, within the context of the ‘embedded liberalism’ of the postwar period, and eventually led to a reformulation of the quest for autonomy within the tropes of the Washington Consensus. Under pressure from IFIs, subsequent Brazilian governments would no longer have the same recourse to the growth strategies of the postwar period. The strictures of the Washington Consensus, which were not wholly accepted by the Brazilian state, and certain sectors of the economy such as industrial capital, particularly in relation to its attitude towards state intervention, pushed the newly democratic political establishment to reconsider its development strategies. However, the pursuit of autonomy in terms of development strategies and foreign

451 Chaffee, Desenvolvimento 136-143.
policy was never wholly abandoned. Certain state institutions, such as the Itamaraty, continued to retain patterns of developmentalist ideology. Also, due to the size and diversification of its economy relative to other developing countries, particularly its neighbours in the Southern Cone, elements of autonomous development strategies continued. One avenue through which the Brazilian state sought to moderate the shock of neo-liberal reforms was the pursuit of the ‘new regionalism’ and greater engagement with global governance structures. The continued resilience of important fractions of capital limited the degree to which neo-liberal reforms could be implemented, particularly during Fernando Collor de Mello’s presidency.

Transformations brought about by political and economic liberalization were keenly felt not only in the content of its foreign policy, but also in the institutional structure in which it was formulated. The Itamaraty, with its monopoly on foreign policy formulation, was recognized throughout the twentieth century for its professionalism as well as its large degree of autonomy vis-à-vis domestic social forces and other ministries. The traditional division of power within the Brazilian state had been that the president concerned himself with maintaining domestic stability while the Itamaraty concerned itself with foreign affairs. As a result of its embrace and management of the ISI development model, the Itamaraty became one of the central institutions associated with that model during the military authoritarian period. The Itamaraty tried to adapt to the new democratic reality, with some difficulty, by adjusting to the pluralization of institutions involved in foreign policy formulation, particularly regarding regionalism and trade, and the multiplication of social actors. However, it preserved a certain developmentalist outlook in the midst of the growing liberalization of other Brazilian state institutions and limited the degree to which

\[452\] Cason “Presidentialization, Pluralization, and the Rollback of Itamaraty” 119.
social actors were absorbed into the process.\footnote{Maria Regina Soares De Lima and Monica Hirst, “Brazil as an Intermediate State and Regional Power: Action, Choice and Responsibilities” International Affairs 82.1(2000) 22-23.} This manifested itself through an ideological split within the Itamaraty, between the ‘autonomists’, who wanted Brazil to pursue a more autonomous foreign policy vis-à-vis developed countries and to effect a rapprochement with regional and extra-hemispheric developing countries, and the ‘pragmatic institutionalists’, who advocated greater participation in existing regimes in order to ensure that Brazilian interests were included.\footnote{Miriam Gomes Saraiva, “As Estratégias de Cooperação Sul-Sul nos Marcos da Política Externa Brasileira de 1993 a 2007” Revista Brasileira de Política Internacional 50.2 (2007) 43-44.} These positions were not exclusive and varied in their influence during the Cardoso and Lula presidencies. The tension within the political institutions of the Brazilian state indicated the growing resistance in civil society to the United States’ neo-liberal hegemonic project at the regional level with the FTAA. But this was to prove to be an uneven process.

6.6 The New Regionalism and Hemispheric Integration

In view of pressure from the IMF to increase its balance of payments, and as a measure to mitigate its sensitivity to global financial instability, Brazil signed an agreement with Argentina in 1985, which stipulated increased economic cooperation and integration between both countries.\footnote{Luigi Manzetti, “Argentine-Brazilian Economic Integration: An Early Appraisal” Latin American Research Review 25.3 (1990) 129.} This measure was further consolidated in 1986 through the Programa de Integração e Cooperação Econômica (PICE), which set up twelve protocols that established a framework for greater integration between both countries. That same year Brazil was instrumental in creating the Rio Group, a body with no formal institutions, which included all of the states of Latin American as well as states from the Caribbean, including Cuba, and that sought to create consensus over issues of concern for the Americas. It was widely perceived to be a mechanism that provided an alternative to institutional bodies dominated by the United States such as
the OAS. Both these agreements were put in place by the Brazilian president José Ribamar Ferreira de Araújo Costa Sarney (1985-1990) and the Argentinean president Raúl Ricardo Alfonsín (1983-1989), who were the first democratically elected presidents of their respective countries following the downfall of the military regimes in both countries. This commitment to reconciliation and regional engagement by both states was buttressed by a belief shared by the leaders that such processes would facilitate democratic consolidation and economic development. This culminated in Collor de Mello’s signature of the Treaty of Asuncion in 1991 that formally launched MERCOSUR.

Reconciliation and integration was rendered more complex when George H. W. Bush launched the Enterprise for the Americas Initiative (EAI) as a project to rearticulate the United States’ hegemony in the Americas in the wake of the end of the Cold War. Its components included the initiation of several bilateral free trade agreements, an investment fund to be administered by the IDB, and conditional debt relief. In broad terms, it represented an effort to formalize and consolidate Latin America’s shift from statist ISI strategy to an export-oriented strategies promoted by the United States. Brazil viewed this proposition with some skepticism as it could potentially undermine some of the regional initiatives it had spearheaded, such as Rio Group and the PICE, as the EAI proved to be attractive for countries such as Argentina and Chile. However, Brazil decided neither to accept or reject the EAI as it did not want to isolate itself vis-à-vis other Latin American countries. Brazil found some of its propositions to be attractive, but criticized the modest nature of the debt reduction that was being proposed by the United States, and the lack of possibility for the transfer of technology from North to South. Overall, Brazil

456 Sarney was originally elected as a vice president. The president elect, Tancredo de Almeida, took ill and died before he was able to take the presidential oath. Sarney, to some degree, lacked legitimacy as a result of the manner he came into office and due to his previous ties with the ARENA. Burges, Brazilian Foreign Policy after the Cold War 31-32.

argued that the EAI would increase dependency on the United States. Conversely, the United States increasingly criticized Brazil’s position on intellectual property rights, and its reticent attitude to new issues in the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). However, the United States was able to bring Brazil into line through pressure applied by the IMF and World Bank. Generally, Brazil shifted to a more accommodating position on matters of import to the United States as a result of such pressure. Through the economic and political structural power that underpinned its historic hegemonic position in the region, the United States was able to reassert its imperial relationship with Brazil. Under Collor de Mello, Brazil would move decidedly and concretely towards broadly accepting American initiatives. As a result of this move, Brazil fell into line with the United States with respect to the EAI and the Uruguay Round.

6.7 Brazil’s Neo-liberal Turn

Despite a general turn away from the ISI development model during Sarney’s presidency (1985-1990), Brazil had chosen to combat ‘hyperinflation’ and stagnation through continued ‘unorthodox’ economic policies. In a clear departure from the past, Collor de Mello (1990-1992) promoted explicitly neo-liberal solutions to Brazil’s economic woes, which also included difficulties in servicing its external debt. In the wake of growing popular frustration with the economy and the unsuccessful ‘unorthodox’ policies pursued by Sarney, Collor de Mello ran as an ‘outsider’ candidate with a program of austerity and liberalization, and was rewarded with an electoral victory and initial high popularity ratings. As Armando Boito explains, there was a populist streak within the Brazilian polity that led certain sectors to support regressive economic policies, although they might have been affected by them adversely. These policies

459 Vigevani, Brazilian Foreign Policy in Changing Times 29.
included cuts aimed at state employees and other relatively privileged sectors of the economy that were perceived to have been favoured by previous military regimes. Additionally, certain sectors of the labour movement allied themselves to the Collor de Mello government in exchange for representation, which they claimed would enable them to limit the liberal orthodoxy being promoted by the Ministry of Finance and the Central Bank.\textsuperscript{460} Collor de Mello’s embrace of market orthodoxy was consolidated with the \textit{Plano Collor}, which sought to remedy hyper-inflation through financial shocks combined with commercial liberalizations and privatization. As a result of this program, Collor de Mello officially declared an end to the ISI strategy, and set Brazilian economic policy down the path of neo-liberalism.

Collor de Mello expected that in return for endorsing the Washington Consensus and his government’s more positive disposition towards American foreign economic policy interests, Brazil would obtain concessions on its debt. Part of his attempt to move towards the United States and reassure IFIs, was the signature of the Rose Garden Agreement in 1991, which promised to establish a Council on Trade and Investment in order to identify opportunities between MERCOSUR and the United States. It also established a framework to reduce tariffs between the two countries. This was promoted by policymakers as part of a reconstruction effort between the United States and Latin America, envisioned by the EAI. However, Brazil lost interest in this process as it came to the conclusion that the United States did not have significant interest in Latin America, particularly in terms of debt restructuring.\textsuperscript{461} Additionally, the Itamaraty sought to steer Collor de Mello away from the EAI and the United States, and towards MERCOSUR. Collor de Mello perceived the sub-regional project to be more in line with its

\textsuperscript{460} Boito, “Class Relations in Brazil’s New Neoliberal Phase” 125-126.
traditional goal of enhancing Brazil’s autonomy. Failure to renegotiate the debt favourably, despite extensive diplomatic efforts, combined with continued inflation and the effects of liberalization, particularly by industrial capital, led to high levels of unpopularity for Collor de Mello. He was eventually charged with corruption, which led to his impeachment in 1992. He was replaced by his vice-president, Itamar Augusto Cautiero Franco (1992-1995), for the remainder of his term.

Although he was reputed to be an economic nationalist, Itamar Franco continued the policy of privatization and liberalization started by his predecessor, and carried out by his eventual successor, Cardoso, who was his finance minister at the time. Cardoso’s policies were credited with controlling inflation through the Plano Real, which was based on increased interest rates, wage controls, and an influx of foreign capital into the Brazilian economy to finance expenditures, particularly interest payments on its debt. The Plano Real was initially quite popular as it reined in inflation and limited the expansion of its debt.

It was, then, during the presidencies of Collor de Mello and Itamar Franco that Brazil moved resolutely away from ISI towards a neo-liberal economic model that was based primarily on attracting FDI through monetary and fiscal policies. The model that was put in place was responsible for the expansion of finance capital through high interest rates, liberalizing capital accounts, and pegging the Real to the American dollar. Cardoso sought to attract further FDI in order to keep up with debt repayment and to fund development. The stability of this model would have important ramifications for the manner in which Brazil would approach the FTAA over the next ten years.

---

462 Vigevani, Brazilian Foreign Policy in Changing Times 42; and Burges, Brazilian Foreign Policy after the Cold War 35-57.
463 Chaffee, Desenvolvimento 268-282.
6.8 Brazil’s Role During the Preparatory Phase of the Negotiations

It is in the final years of Franco’s presidency that the FTAA started to become a reality. As previously mentioned, Brazil was being strongly pressured at the time by the United States to further turn away from its autonomist and developmentalist foreign policy. The Itamaraty favoured MERCOSUR as an institutional integration project, as it was a potential measure to increase Brazil’s political weight in other international forums such as those put forth by the United States. Moreover, MERCOSUR was seen as an important intermediate measure to ameliorate the competitiveness of Brazil’s industrial sector, easing its insertion into the global economy. Additionally, officials within the Itamaraty believed that a captive market in Latin America would be an advantage for Brazil’s commercial balance.\footnote{Burges, Brazilian Foreign Policy after the Cold War 35-57.} In the context of its continued sub-imperial condition, Brazil sought to increase economic ties with its regional neighbours through MERCOSUR so as to advantage its economy and to lend it a greater degree of autonomy vis-à-vis the United States. As with the South American regional integration projects of the 1960s and 1970s, MERCOSUR was envisioned as a mechanism by Brazilian policy-makers as leverage that would help their country modify its relationship with the United States rather than rupturing it. It was due to the uneven context of overlapping agreements, one in which the boundaries of each had not been defined, and Brazil’s tentative embrace of the broad outlines of the Washington Consensus, that the United States approached Brazil with a draft proposal for the Miami Summit of the Americas in 1994. What is important to note, however, is that Brazilian policy-makers had much more room in which to entertain the possibility of the FTAA in 1994 than they did later in the decade. The mobilization against neo-liberalism throughout the 1990s by important sectors of the Brazilian economy, including certain sections of industrial capital, and the 1999 exchange crisis made the FTAA less palatable for Brazilian policy-makers as it would have constrained their ability to ensure political and economic stability in view
of a growing crisis of authority. This had the effect of confirming the centrality of MERCOSUR in Brazil’s foreign economic policy at the expense of other supra-national governance projects.

When the United States presented Brazil with a draft of the declaration to be made at the Miami Summit, the Itamaraty found the references to NAFTA to be worrisome. It believed that rapid integration into the FTAA through a ‘NAFTA-plus’ framework would devastate its economy. If this was the case for Brazil, then it would be the same for other Latin American countries. Consequently, the Itamaraty concluded that the manner in which to shift the negotiations to a terrain that would be more favourable for Brazilian interests would be to attempt to slow down the pace of the negotiations. The aim was to give the Brazilian economy time to adapt to the new economic context, and to negotiate the agreement through the merging of sub-regional blocs. The Itamaraty hoped that if the negotiations were drawn out, then the hemisphere’s other sub-regional blocs would be able to further consolidate and, consequently, be able to better articulate their interests in relation to the United States.466 This strategy would guide Brazil’s approach throughout the early stages of the negotiations, and would benefit from difficulties within the American state, notably the difficulty of renewing fast-track legislation. By insisting that sub-regional agreements would be a factor in the negotiations, and by attempting to articulate its positions in a way that seemingly represented all of Latin America, Brazil positioned itself to a leadership position in the FTAA negotiation process. This was a leadership position, however, that did not explicitly reject the United States’ role in the hemisphere.

Brazil’s style of indirect leadership was often exercised in terms of attempting to dictate the parameters of the debate. This was usually done by providing drafts of proposed agreements with the aim of managing the language being used. The Miami Summit of the Americas declaration was no exception, as Brazil sought to modify the fourteen initiatives proposed by the United States that would eventually

466 Burges, Brazilian Foreign Policy after the Cold War 52.
become the basis of the Summit declaration. In view of the declaration, the United States engaged the rest of the hemisphere in their sub-regional groupings, plus Canada and Mexico, for feedback. Brazil was successful in pressing the United States to erase any reference to NAFTA. Additionally, wherever it could, the Brazilian delegation sought to render the language of the agreement opaque and non-committal, preferring instead language that would have put in place an evolutionary framework. It was unable, however, to block the establishment of a deadline, or to shift to its favour the major areas of negotiation that would be part of an eventual FTAA. In these initial stages, Brazil was partially successful in shifting the negotiations to a more neutral terrain, by removing specific references to NAFTA and any language that would have institutionalized the approach to hemispheric integration preferred by the United States.

Brazil further challenged the United States at a final preparatory meeting for the Miami Summit of the Americas. This was done by submitting an alternative Brazilian-authored Rio Group draft of the summit’s plan of action that rivaled the draft submitted by United States. Presenting the alternative plan of action and having it recognized by the United States positioned Brazil into a leadership position vis-à-vis the rest of Latin America. Richard Feinberg, an American delegate, characterized Brazil’s strategy as trying to “render the plan of action more modest in its ambitions, less exact in its objectives, less specific in its timetables, and less accountable in its implementation.” Despite being an irritant for American negotiators, Brazilian negotiators displayed a “constructive attitude” towards the negotiations, according to this same author, but were nonetheless trying to shift the parameters of the debate towards the Itamaraty’s worldview. In the end, 85% of the agreed upon language at the end of the meeting came

467 Feinberg, Summitry in the Americas 136-137.
468 Feinberg, Summitry in the Americas 146.
469 Feinberg, Summitry in the Americas 143.
from the Rio Group’s draft proposal.\(^{470}\) Brazil’s behaviour in the initial stages of the negotiations demonstrated its general predisposition towards potential hemispheric integration. Notably, it sought to frame the parameters of the negotiations in a way that ameliorated its bargaining position.\(^{471}\)

Since most of the areas of disagreement had been addressed in preliminary meetings, the 1994 Summit of the Americas was permeated by an aura of consensus. Leaders repeatedly lauded the new consensus based on pragmatism in the wake of the end of the Cold War, and praised the willingness to go beyond traditional demands. Brazil participated in the convivial atmosphere and the president-elect, Cardoso, noted that he was impressed by the seeming transformation of hemispheric relations that was taking place in Miami. However, subtle differences concerning the format and content of the agreement remained, as Brazil’s then current president, Itamar Franco, stated that the FTAA was the “beginning of a lasting process that will need to be constantly reactivated.”\(^{472}\) Although a seeming endorsement of the project, this statement of reality differed from the teleological triumphalism of the statements made by other leaders, and betrayed Brazil’s preference for a long and drawn out negotiation process. However, Brazil’s disposition towards the FTAA at this conjuncture represented more of an attempt to direct the evolution of the negotiations towards its preferences than a direct challenge to the United States’ hegemony at the regional level.

### 6.8.1 The FTAA, Civil Society and the State

The signature of the FTAA, as an initial plan for opening negotiations, led to the rapid

\(^{470}\) Burges, *Brazilian Foreign Policy after the Cold War* 53.

\(^{471}\) However, Brazil was not the only country that challenged the United States’ negotiating positions. For example, CARICOM countries were able to insert language concerning a review of external debt in the hemisphere, which is something that the United States sought to avoid. As examined in chapter 3, the negotiating framework advocated by Brazil, which was eventually formally adopted, consistently amplified the voice of the CARICOM throughout the negotiations.

\(^{472}\) Feinberg, *Summitry in the Americas* 159.
mobilization of different sectors of the Brazilian economy. This civil society mobilization, as well as the
importance accorded to the negotiations within the Brazilian state in the early stages, contrasted with the
relative autonomy accorded to the MPC negotiating team in Venezuela as well as to the larger degree of
ambivalence demonstrated by its civil society organizations. The robust nature of the particular
‘crystallization’ of the state that would emerge during Cardoso’s presidency stabilized Brazil’s disposition
towards the agreement although, paradoxically, it sometimes emitted contradictory statements on
different elements of the FTAA. The contradictory statements emitted by Brazil often originated from
state institutions representing very different interests, which may seem to betray a certain instability or
incoherence within the state apparatus. Nonetheless, these contradictory statements, usually made outside
the context of official negotiations, did not indicate major shifts in the power dynamics or organization of
the state apparatus. They were largely the expression of divergences between the class fractions they de
facto represented. Overall, these positions were typically streamlined in a way that reflected internal
institutional power dynamics expressed within official institutional contexts. These contradictory
statements were part of a larger perpetually evolving state project, as a strategy to stabilize the
relationship of different fractions of capital under the leadership of financial capital as well as other social
forces in relation to different integration projects.

While MERCOSUR attracted a seemingly favourable consensus across Brazilian society, public
opinion concerning the FTAA was much more divided. Civil society organizations emerged, which were
both positively and negatively disposed towards the agreement. Jean Grugel argues that the more intense
reaction to the FTAA had to do with the fact that this integration project was perceived to be the
extension of American imperialism into Latin America, and that MERCOSUR was perceived as an
alternative to it, based on regional autonomy. Furthermore, she argues, the content of MERCOSUR was
much more permissive in its attitude towards state intervention, which was preferable for social
movements that were mobilizing against neo-liberal reforms. This mobilization around a foreign policy question challenged the traditional form of policy-making in Brazil, which, according to Hector Alimonda, was marked by a lack of democracy and a “logic of imposition” that still permeated the Brazilian state apparatus, particularly the Itamaraty, even after the transition to democracy.

Different economic sectors reacted to the FTAA according to its potential ramifications to their interests. Fatima Mello explains that the business sector in general was rapid in responding to the FTAA and was able to create a general consensus centered on the Coalición Empresarial Brasileña. The coalition generally supported the FTAA, as it believed that adherence to regional agreements would facilitate Brazil’s ascendance in the global economy. However, it emphasized that Brazil should insist on reciprocity on market access, that the agreement should be negotiated as a single-undertaking to avoid the early harvest provisions insisted upon by the United States, and that it should be negotiated and implemented gradually. Within the business sector, however, sectors such as industry and agri-business were much more cautious of the potential effects regarding the agreement. Brazil’s industrial sector, represented by its two principal organizations, the Federación de Industrias del Estado de Sao Paulo (FIESP) and the Confederación Nacional de la Industria (CNI), expressed fear that its members would not be able to compete with North American imports given the technological gap that existed between North and South. However, larger sectors of export-focused industrial capital, such as the textile and metallurgical industries, were more receptive to the idea of the FTAA, on the conditions that markets were completely opened, and that the United States would eliminate anti-dumping measures. Conversely, the service sector and small-to-medium sized businesses were more opposed to the potential agreement.

Agri-business, considered one of the most competitive sectors of the Brazilian economy, was also apprehensive about forcing competition with subsidized American agricultural exports. This sector demanded the elimination of agricultural subsidies as a condition of their support for such an agreement.\textsuperscript{476} In no way was Brazilian capital united on the desirability of the FTAA, which had important ramifications on the manner in which the Brazilian state addressed it.

In order to move away from its previous isolation from social groups, the Itamaraty set up state-society consultation mechanisms for the different integration schemes in which it was involved, notably: the FTAA, MERCOSUR, the EU-MERCOSUR Trade Agreement, and the WTO. Additionally, in terms of devolving power away from the Itamaraty and moving it away from its bureaucratic isolation, there was the creation of the Câmara de Comércio Exterior (CAMEX) composed of six interested ministries including the Itamaraty, the Ministry of Development, the Ministry of Industry and Foreign Trade (MDIC), the Ministry of Agriculture, the Ministry of Agrarian Reform, and the Ministry of Planning, as well as a representative of from the president’s office. The CAMEX was actually not chaired by the Itamaraty, but rather by the MDIC, which was generally characterized as having more of a liberal disposition than the Itamaraty. This signaled a change in the power structure of foreign policy-making within the Brazilian state, towards the institutions of the Central Bank and Ministry of Finance which were closely aligned with the MDIC. Below the CAMEX, concern for sectoral participation in policy-making was brought to fruition through the creation of the Consultative Council of the Private Sector (CONEX), composed of representatives from the different factions of the private sector.\textsuperscript{477} These different ministries had very different priorities and favoured different sectors of capital, which explains the contradictory statements referred to above. For example, the Ministry of Agriculture, which was


\textsuperscript{477} Cason, “Presidentialization, Pluralization, and the Rollback of Itamaraty” 121.
traditionally close to agri-business, consistently had a more cautious approach towards the FTAA, while the MDIC, backed by export-oriented and financial interests, had a much more conciliatory attitude towards it. Neo-liberal reforms and the re-articulation of the historical bloc, in the wake of the collapse of Brazil’s *desenvolviendo* model of development and of its rigid corporatist authoritarian political system, reflected the ascendancy of financial capital to a leadership position and rendered Brazil’s foreign economic policy institutionally more complex. The marginalization of the interests of industrial and agricultural capital within the Brazilian state within this particular institutional ‘crystallization’ rendered the leadership of financial capital vulnerable to the instability of the crisis of authority brought about by the 1999 exchange crisis, which necessitated a modification of its structure so as to re-articulate finance capital’s leadership.

If integrating the private sector into the policy-making process seemed difficult for the Itamaraty, it was even more difficult to integrate trade unions and non-business social movements. In order to navigate this unfamiliar terrain, the *Seção Nacional de Coordenação dos Assuntos relativos à ALCA* (SENALCA) was created by the Itamaraty in 1996, to serve as an intermediary organization between the state and these groups. However, as Fatima Mello explains, the actual weight that this forum bore on Brazil’s foreign policy was minimal, and there was no real attempt to create a truly consultative body. The civil society organizations perceived it more as a one-way transmission belt for the government that consulted them erratically. In fact, from the beginning of the negotiations, Brazil, along with Mexico, virulently opposed the participation of civil society organizations in the negotiations as it continued to think of international treaties as matters reserved for the sovereign nation state. Therefore, from a superficial perspective, one can conclude that the state engaged all sectors of civil society through

---

478 Mello, “Brasil y ALCA” 3.
479 Feinberg, *Summitry in the Americas* 167.
different forums and formal institutional linkages. The actual activities of the state portrayed a highly uneven process of representation, generally skewed towards business interests through formal links to the CAMEX and CONEX, which were much more active and influential than the SENALCA.

Policy exclusion at both the national level and within the FTAA negotiation process contributed to the creation of the Red Brasileña por la Integración de los Pueblos (REBRIP), an ‘outsider’ civil society organization, to serve as the Brazilian associate of the HSA. The structure established between Brazilian societal groups and the FTAA negotiations was highly uneven regarding which groups were listened to and represented. As Smith and Korzeniewicz explain, business organizations, particularly those implicated with the Hemispheric Business Forum, were better represented than other societal organizations. This unequal access both in terms of the Brazilian state and the FTAA infrastructure contributed to a overflowing from the established civil society-institution structures that contributed to the mobilization of REBPRIP within Brazil. These ‘outsider’ organizations believed that they would hold greater influence over the negotiations after the election of Lula in 2001, but found out that there would be no greater involvement for them under his government. Brazil’s growing opposition to the FTAA found support not only from these ‘outsider’ civil society organizations, but also from sectors such as agri-business, in the formulation of policy towards the FTAA during Lula’s presidency.

6.9 Cardoso and the Launch of the FTAA Negotiations

Cardoso, in general, believed that a rapprochement with the United States along with increased engagement with global governance structures, was fundamental to Brazilian interests as they would facilitate insertion into the global capitalist economy on Brazil’s terms. Furthermore, he believed that the emerging consensus in the hemisphere concerning the desirability of liberal representative democracy and

480 Mello, “Brasil y ALCA” 4.
481 Smith “El Movimiento Doble” 44-45.
economic liberalization could serve as a bulwark against a return to authoritarian rule in Brazil. Notably, Cardoso believed that economic liberalization would contribute to pre-empting authoritarian tendencies within Brazilian society by dismantling the possibility or temptation of using the state in a clientelistic manner, similar to what had occurred during Brazil’s ISI period. Finally, he was nonetheless worried that if Brazil stayed out of the FTAA negotiations, then the United States would increase its market share in other Latin American countries, and that other countries would in turn increase their market share in the United States at Brazil’s expense.484

This renewed engagement for Cardoso, however, was premised on a multilateral disposition by the United States, and the room to pursue diverse economic and political relationships beyond the Americas. He recognized that global governance structures continued to play a role in perpetuating asymmetries. Therefore, elements of dependency theory in the form of neostructuralism were still implicit in both the Itamaraty and Cardoso’s approach to global governance, but what had changed were the conclusions drawn from it. Accordingly, Cardoso and the Itamaraty still believed the state had an important role to play in the country’s development process, notably in reducing inequalities perpetuated by contemporaneous global governance structures and in framing domestic development strategies. The rhetoric of eliminating asymmetries in the global capitalist economy was made in reference, largely, to agricultural subsidies and anti-dumping measure; this later became a major stumbling block in the FTAA negotiations.487

482 Burges, Brazilian Foreign Policy after the Cold War 78.
483 Burges, Brazilian Foreign Policy after the Cold War 77.
484 Van Rompay, “Brazil’s Strategy Towards the FTAA” 126.
485 The United States was not entirely pleased with Brazil’s pursuit of diverse relationships. For example, Bill Clinton argued that he was displeased that Brazil was spearheading talks between Brazil and the EU. Van Rompay “Brazil’s Strategy towards the FTAA” 131.
487 Burges, Brazilian Foreign Policy after the Cold War 86-89.
Brazil, throughout the preparatory phase of the negotiations, which lasted until the 1998 Santiago Summit of the Americas, played an important role in shaping the framework of the negotiations. Among other things, Brazil played a leading role in shifting the overall framework of integration from the NAFTA-plus strategy advocated by the United States towards a path to the FTAA, based on a strategy to consolidate sub-regional blocs. Brazil also ensured that the agreement was a single-undertaking in order to block any early harvest provisions advocated by the United States, and it halted any attempt to move up the 2005 negotiation deadline. Brazil further ensured that a separate agriculture negotiating group was established.\footnote{Its strategy was to obtain the concessions it wanted and highlight the absence of fast-track authority within the United States. The sense of skepticism as to whether the United States was actually committed to the agreement was widespread throughout the Americas, and could easily be mobilized for political gain.} The fact that the inclusion of Chile into NAFTA was trumpeted as the first step towards hemispheric integration at the 1994 Summit of the Americas confirmed what many Latin American countries perceived to be a lack of political will to further free trade at the legislative level. This effectively delivered the death blow to the American supported ‘NAFTA-plus’ strategy. Furthermore, Brazil tried to increase its leverage by reinforcing MERCOSUR and by repeating the possibility of integrating the Comunidad Andina (CA) into some of its trade provisions. To that same end, Brazil attempted to balance and coordinate MERCOSUR’s negotiations with the EU with its negotiations in the FTAA in order to play one off the other. Despite these points of divergence between Brazil and the United States, some of which were anticipated by those who had designed the FTAA negotiation framework, work in the negotiation groups progressed with the help of Brazil. As argued in chapter 3, it was precisely the work in the negotiation groups that drove the process forward. The role of the Brazilian

\footnote{The details of Brazil’s role in shaping the framework of negotiation is examined in more detail in chapter 3.} \footnote{Feinberg, \textit{Summitry of the Americas} 134.}
delegation was particularly important in the preparatory phase of the negotiations, as they were tasked with the arduous, yet essential, work of obtaining baseline reporting mechanisms and improving the institutional capacity to negotiate an agreement such as the FTAA of each state of the hemisphere. The successful completion of the preparatory stage could not have been achieved without Brazil’s constructive participation within the sphere of the negotiation groups.

6.9.1 The Unraveling of Plano Real

The Asian financial crisis in 1997 and the Russian financial crisis in 1998 would have an important impact on Cardoso’s domestic reforms, MERCOSUR, and Brazil’s overall strategy towards the FTAA. Brazil’s strategy of aggressively pursuing FDI as a key element of its economic model faced a serious crisis in 1999 which would engender a modification of its macro-economic model. Pegging the Real to the US Dollar and keeping interest rates high had a devastating effect on Brazil’s industrial sector, which led to what Alfredo Saad-Filho calls the de-industrialization of Brazil. The Plano Real also contributed to political resistance from industrial capital and trade unions. In fact, both the FIESP and the CNI supported a general strike in 1996, organized by the two principal trade union confederations against unemployment. Both industrial organizations were motivated to form a coalition with labour as a result of anger against high interest rates and the commercial liberalization put in place by Collor de Mello and Cardoso. As previously mentioned, the Plano Real, implemented in 1994 while Cardoso was Franco’s Minister of Finance, was dependent on a steady inflow of FDI in order to fund economic development, to build up foreign reserves, and to protect its overvalued currency from speculative attack. This macro-

\[491\] Cardoso was subsequently able to forge a narrow and temporary consensus with both organizations based on attacking trade unions, primarily by liberalizing the labour market, and by convincing them that foreign investment would stimulate the domestic economy. Armando Boito, “Le Gouvernement de Lula et l’Ascension Politique de la Grande Bourgeoisie Intérieure Brésilienne” Lusotopie 14.2 (2007) 114.
economic plan incidentally led to a massive increase in imports, which culminated in a serious trade and current account deficit, and rendered the Brazilian economy vulnerable to external shocks. In fact, most of the investment that it received was highly volatile portfolio investment. Overall, the Plano Real contributed to the financialization of the Brazilian economy, which is illustrated by the fact that from 1986 to 1994, the proportion of purely financial stocks within Brazilian commercial exchanges averaged 8%, and in the period from 1994 to 2006, it jumped to an average of 60%. The external shocks produced by the financial crises applied pressure on the Brazilian economy with the constant threat of the flight of capital on which the Brazilian economy was so dependent. These shocks were initially countered by the Brazilian government with higher interest rates and further austerity and privatizations. IMF loans were meant to encourage further investment and to protect against capital flight; however, in 1999, a virulent attack on the Real forced the government to float the currency amid growing pressure from domestic industrial capital, which led to its massive devaluation. By 2001, the Real had lost over 44% of its value. Eli Diniz explains that in the late 1990s, as a result of the crisis, “there were strong indications of a breakdown of the consensus on the absolute priority of economic stabilization and fiscal discipline that had sustained Cardoso’s first administration.” Saad-Filho explained that there was a general exhaustion of the Plano Real economic model. By 2002, Cardoso’s government had not been able to overcome economic stagnation and rising social tension. In fact, it opened the political field to what had been previously considered an ‘outsider party’, the PT, previously anathema to Brazil’s dominant

492 Rocha, “Neo-Dependency in Brazil” 9.
494 Rocha, “Neo-Dependency in Brazil” 13-16.
economic classes. Unlike with Venezuela, the pressure that resulted from the financial crisis and the de-legitimization of neo-liberalism did not lead domestically to ascendency of a counter-hegemonic movement ready to challenge its society’s dominant classes. Financial capital remained too powerful and was able to pressure the PT to help rearticulate its leadership into a more stable hegemonic bloc. Cardoso and Lula would do so by modifying the state’s overall economic policy to absorb class fractions that felt as though they were unfairly affected by the policies of the *Plano Real*.

In response to the crisis, Cardoso replaced the head of the Central Bank who had been steadfast in pegging the Real to the US Dollar in the midst of the impending crisis and began modifying the *Plano Real*. Subsequently, Cardoso’s government did not implement any legislation that could have potentially threatened the dominance of finance in the long-term. Instead, rather, his government decided to pursue foreign exchange through increasing exports, facilitated by the short-term currency devaluation, rather than through FDI. The exchange rate would gradually be allowed to increase over a long-term period, particularly during Lula’s presidency. In order to pursue foreign exchange, Brazil reverted to what Boito calls its “agricultural vocation” through agricultural, low value-added manufactured goods and minerals. Cardoso’s *Plano Real* had been premised on the assumption that FDI would be accompanied by the technological improvement of Brazil’s industrial production, thus improving its overall competitiveness, through joint ventures and investments. However, the volatility brought about by the liberalization of exchange rates throughout the world pushed Cardoso’s government to revert to its traditional exports in order to be able to continue to finance debt obligations and maintain its fiscal stability.

6.10 Brazil and the FTAA in the Wake of the Exchange Crisis

At the 1999 Ministerial Meeting in Toronto, Brazil pressed the United States on the subject of agricultural subsidies, and was able to get it to agree to a fragile and temporary common front on the issue at the upcoming WTO meeting in Seattle. From this point on, the two countries would be at loggerheads over the issue of agricultural subsidies and anti-dumping measures. This was especially significant as both Brazil and the United States were scheduled to assume the co-chairmanship of the negotiations in the final phase of the negotiations. Gone were Cardoso’s aspirations of overcoming the asymmetries of the global economy by reducing the technological gap through FDI. Brazil’s negotiators were now clearly concerned by the reality of ensuring Brazil’s economic stability by aggressively improving the conditions for the export of goods in which it held a relative comparative advantage. The crisis put Brazil’s economic interests into clear perspective in terms of its relationship with both the United States and the FTAA. This new reality had an important impact on Brazil’s approach to negotiating trade agreements. Concessions on agriculture would become the sine qua none of its negotiations vis-à-vis the FTAA, the WTO, and the MERCOSUR-EU negotiations. It is precisely this issue that would spur Brazil to help create the G20 in Cancun with important ramifications for the FTAA.

Cardoso’s enthusiasm for multilateral negotiations and his strategy of rekindling a strong relationship with the United States was further dampened during his second term by what he perceived to be the United States’ growing unilateralism following the events of September 11th, 2001. The initial enthusiasm engendered by the George W. Bush’s statement that he would be forceful in ensuring that Latin America would play a more important role in American foreign policy during his presidency, dissipated as the United States turned its attention towards the ‘War on Terror’ and acted in an

---

498 Scoffield, “Americas Unite to Fight Europe Common Front at WTO Trade Talks Will Seek Elimination of Agricultural Subsidies.”

248
increasingly unilateral manner. Its cynical attitude towards the United Nations in the lead up to the 2003 invasion of Iraq violated many of Brazil’s, and especially Cardoso’s, core beliefs regarding multilateralism.\textsuperscript{499} In its attitude towards the United Nations, the United States had further undermined the possibility, and perhaps pretension, that multilateral institutions could act as levellers in inter-state relations.\textsuperscript{500} The United States’ subsequent increases in tariffs on steel imports and agricultural subsidies in 2002 further aggravated the relationship, and undermined its posture towards openness and free trade in the hemisphere. The United States’ unilateralism, the growing importance of agricultural exports to Brazil’s economy, and growing pressure from domestic social forces pushed Brazil to shift its attitude towards the FTAA. It moved from a posture of rapprochement with the United States and engagement with international institutions as a positive public good for all countries, to one of increasing South-South cooperation and with a more confrontational approach to negotiating multilateral agreements. The tone in which it sought to negotiate and modify American hegemony in the hemisphere and the globe intensified, particularly on the issue of agriculture, although it never transgressed the basic framework of existing American leadership in the hemisphere edified on neo-liberal policies, nor did it threaten the still dominant position of finance, foreign and domestic, in Brazil’s political economy.

6.10.1 The Institutional Ramifications of Lula’s Elections

The prospect of the PT’s election gave rise to the expectation from both social movements and financial markets that Brazil would potentially reverse the neo-liberal reforms that had been implemented over the previous decade, and that a PT government would impart a tiers-mondiste tone to its foreign policy, inspired by the Medici and Geisel governments of the 1970s. However, finance capital, the

\textsuperscript{499} Vigevani, Brazilian Foreign Policy in Changing Times 66.
fraction of capital that had benefitted most from the Cardoso years, remained resilient in view of the rising electoral fortunes of the PT. There may have been popular discontent concerning the consequences of the *Plano Real*, even among important fractions of industrial capital, but finance capital remained powerful and was able to exact assurances from the PT that their interests would not be jeopardized if the party were elected. In fact, the PT actually stabilized finance capital’s position as the leading fraction of capital. Concessions were extended to other fractions of capital as well, including agri-business and certain fractions of industrial capital, as well as social welfare programs such as the *Bolsa Familia* that attenuated the worse effects of Brazil’s economic model on the most vulnerable sectors of its economy.\(^{501}\) In view of the policy constraints due to the assurances made to financial capital, the avenues through which to satiate the more radical elements of its electoral base and party membership, however, were limited.

Although Lula was officially the candidate of the PT, a party that had been critical of free trade and espoused a nationalist economic development program since its inception in 1998, and that held the support of a plethora of Brazilian leftist parties, since his first loss to Cardoso in 1994, he had gradually been moving towards the political center. This was exemplified by a growing willingness to utilize public image marketing firms, and more importantly his active courtship of the industrial and agricultural fractions of Brazilian capital, which the PT used to its advantage during the electoral campaign.\(^{502}\) Despite explicitly courting the PT’s traditional base as well as the industrial sector of Brazilian capital, Lula made sure to go out of his way to reassure the financial sectors of capital, both at home and overseas, that his

\(^{501}\) The *Bolsa Familia* provides a cash transfer to impoverished families on the condition that they ensure that their children go to school and are vaccinated. Authors such as Wendy Hunter argue that this represents a means-based social welfare provision quite consistent with neo-liberal ideology, rather than transformative, in terms of overall social relations, program. Wendy Hunter, “The Partido dos Trabalhadores: Still a Party of the Left?” *Democratic Brazil Revisited* eds. Peter Kingstone and Timothy Power (Pittsburgh: University of Pittsburgh Press, 2008) 28.

presidency would not impinge upon their interests. He never put into question the privileged position of the financial fraction of capital, of which a large proportion of FDI was from the United States (23.8% in 2001, while the next largest investor was Spain with 11.9% of FDI) within its social formation. Boito argues that, during Lula’s presidency, there had been a certain readjustment within the hegemonic bloc of the Brazilian state during the Lula period. Cardoso, until the crisis of 1999, maintained a strict fiscal and monetary policy that squeezed industrial capital and led it to wage campaigns against certain policies that it considered to be exaggerated neo-liberal policies. However, following the 1999 exchange crisis, Cardoso, and later more decidedly, Lula, pursued a policy that would better integrate large industrial and agricultural capital in the state project. In fact, Lula campaigned in 2002 with a slogan that promulgated “production” over “speculation.” In short, by courting industrial and agricultural capital as well as reassuring financial capital, and also while trying to maintain the PT’s base, Lula’s government promised to put in place an economic model, still largely inspired by the Washington Consensus, that would be more stable and equitable in terms of the disbursement of benefits.

Indicative of his intention to placate finance was his granting of several key ministries to centrist and center-right political figures in the Ministry of Finance, the Central Bank, the MDIC, and the Ministry of Agriculture. Fundamental to this general trend was the nomination of Henrique Meirelles, an elected member of Cardoso’s party and the former executive at FleetBoston Financial, as President of the Central Bank, and Antonio Palocci as Minister of Finance. These appointments upset the PT’s base. The granting of, what were at the time and what continue to be, Brazil’s two most powerful state organizations to figures associated with Cardoso and neo-liberalism ensured the continued dominance and

504 Boito, “Class Relations in Brazil’s New Neoliberal Phase” 118.
505 Burges, Brazilian Foreign Policy After the Cold War 160.
influence of finance within the state. The Ministry of Agriculture was given to a powerful landowner from the state of Minas Gerais, which upset the agrarian base of the PT. Cason and Power explain that the Ministry of Agriculture and the MDIC became powerful advocates for agricultural interests and created a situation where the PT government “had the best connections to the exporting elite of any recent Brazilian government.”

Ministries that were handed over to more leftist figures included the Ministry of Agrarian Development and the Ministry of the Environment, which were less significant organs within the Brazilian state system. Lula reinstated Celso Amorim as foreign minister, a position he held under Cardoso, but attempted to balance this by nominating a leftist within the PT, Marco Aurelio Garcia, as his main foreign policy adviser. Garcia has been described as the *de facto* foreign minister on Latin American affairs as he was seen as responsible for managing relations with its newly elected leftist leaders. A further concession to the left was the nomination of Samuel Pinheiro Guimaraes to the position of secretary general in the Itamaraty. In an oft repeated opinion on foreign policy under Lula, Cason and Power explain that it is on foreign policy that Lula’s government stayed closest to PT ideals.

Since transformative domestic reforms were not possible as a result of assurances made to financial capital, Lula displaced the radical *élan* that originated from the party’s “traditional left-wing supporters” onto the field of international politics. A crisis of authority that had been gestating in Cardoso’s second term was absorbed and displaced as a result of a resiliency of financial capital with the help of Lula’s government. The primary means of displacement manifested itself through a more *tiers-mondiste* tone than under Cardoso, in terms of cultivating South-South cooperation and pursuing a more confrontational relationship with the United States and other developed countries. It was precisely this

---

506 Cason and Power, “Presidentialization, Pluralization, and the Rollback of Itamaraty” 129.
507 Cason and Power, “Presidentialization, Pluralization, and the Rollback of Itamaraty” 130.
willingness to engage the North via closer South-South ties that demarcated Lula from Cardoso. However, Lula’s government never positioned itself in a way that could have created a significant rupture with the United States, and much to the dismay of its leftist base, it remained within the general bounds of the Washington Consensus, with the exception of its continued emphasis on the role of the state as a necessary agent in the development process.\textsuperscript{509} The fact that there was no significant transformation of the power relations that sustained the particular ‘crystallization’ of the institutional apparatus responsible for negotiating the FTAA, except for the increased importance of the Ministry of Agriculture as well as the constraints imposed by financial capital, ensured that there was no qualitative transformation or reversal of Brazil’s foreign policy. What did change was the intensity with which it stated its positions, notably by challenging American imperatives within the forum of the FTAA, and with the strategy it used to pursue its goals.

Indicative of the limited scope of transformation during Lula’s government was that the pursuit of a more hardened foreign policy did not imply a change in the manner it was articulated. For example, Lula’s government did not attempt to mobilize social movements around foreign policy questions on a large scale, nor did it try to engage a perhaps disruptive contact between social movements and state institutions in a way similar to what occurred in Venezuela. Instead, a ‘top-down’ approach to foreign policy with close ties to business remained in place. An early indicator of the conservative approach to foreign policy that would be undertaken by the PT government was Lula’s attitude towards a plebiscite organized on the desirability of the FTAA before his election. In Brazil, a massive campaign against the FTAA was eventually launched that joined trade unions, social movements, religious groups, and certain political parties culminated in a plebiscite in 2002. The idea of a plebiscite, which was unofficial and non-

\textsuperscript{509} Sean Burges, “Auto-estima in Brazil: The Logic of Lula’s South-South Foreign Policy” \textit{International Journal} 60.4 (2005) 1137-1138.
binding, was initiated at the World Social Forum in Porto Alegre in 2002. The results indicated that the FTAA was rejected by a margin of 98.33% as organizers were able to mobilize 10.1 million Brazilians to vote on the question. Members of the PT were involved in the plebiscite, as the party had been critical of the FTAA throughout the 1990s. However, the leadership of the party took a more reserved approach towards the agreement as it was scheduled to take over the co-chairmanship of the negotiations in 2002 along with the United States. The party did not actually officially participate in the plebiscite, but launched its more equivocal campaign vis-à-vis the FTAA with its slogan “No to annexation, yes to integration.” Lula was quoted as saying in relation to the plebiscite “now is not the time to play with plebiscites.”

Brazil’s attitude towards the FTAA, which had a determining impact on the result of the negotiations, in the next few years would not be buttressed by social movement mobilization as part of a wider transformative project, as was the case in Venezuela, but rather through traditional elite-driven inter-state mechanisms. Nonetheless, though the crisis of authority that emerged in the wake of the 1999 exchange crisis did not lead to the emergence of a counter-hegemonic movement to supplant the leadership of finance capital within Brazil’s national social formation, the political and economic compromises implemented by the PT to re-articulate the hegemony of finance capital within Brazil proved incompatible with the FTAA. In other words, the exigencies of the re-articulation of finance capital within Brazil, of which a significant portion originated from the United States, pressured the Brazilian state to challenge an institutional project that would have consolidated the United States’ hegemony and the interests of finance capital in the hemisphere. The Brazilian state’s hardened opposition to the FTAA after 1999 emerged out of a disjuncture between what it perceived to be necessary to ensure the interests of finance capital within Brazil and the policy constraints that would have been imposed by the agreement. Accordingly, the Brazilian state sought to modify its relationship

---

510 Osava, ”Trade: 10 Million Brazilians Vote Against Free Trade”
with the United States by challenging its regional neo-liberal hegemonic project while maintaining policies that were broadly consistent with the broad policy objectives of neo-liberalism within its national social formation.

6.11 Continuity and Change in Brazil’s Foreign Policy

One way of rendering the continued ascendancy of finance capital palatable for large industrial and domestic capital was through an aggressive campaign to open up foreign markets for their products and improve their ability to compete in those markets, with important ramifications for the FTAA. The PT government created a “new commercial geography” in non-traditional markets, by making targeted loans through the Banco Nacional de Desenvolvimento Economico e Social (BNDES) possible for specific export-oriented industries. Part of this “new commercial geography” included frequent trips overseas accompanied by representatives from the business community, which played no small part in shoring up support for his government in that sector, and which became a fundamental aspect of Lula’s increased South-South cooperation. Despite the accommodation of the large industrial and agricultural sectors of the economy, Lula’s overall economic policy continued the neo-liberal policies set out by Cardoso. Credit, South-South cooperation, and increased political access to the government were measures meant to facilitate the integration of agricultural and industrial capital into a hegemonic bloc led by financial capital. For example, Lula’s government maintained financial deregulation, a stable exchange rate, high interest rates, and the repayment of foreign and domestic debt at an elevated key rate, and maintained finance’s ability to set interest rates for loans to industrial capital and consumers at an

511 Boito, “Class Relations in Brazil’s New Neoliberal Phase” 121. In fact, Brazil’s trade profile during its neo-liberal period changed dramatically with a marked increased towards non-traditional markets that did not include the United States, the EU, or Japan. For example, between the 1989-1990 and 2005-2006 fiscal years, the proportion of exports towards developing countries increased from 27 to 48 per cent while exports to the United States, the EU, and Japan went from 63 to 43 per cent. Kliass and Salama, “La Globalisation, Responsable, ou Bouc Émissaire?” 118.
elevated rate.\textsuperscript{512} In sum, Lula’s government helped to rearticulate the structure of the hegemony of financial capital through both foreign and domestic economic policies in a way that conflicted with the FTAA’s proposed policies.

It was the greater integration of large industrial and agricultural capital within the Brazilian hegemonic bloc that spurned Brazil’s greater desire for more South-South cooperation and its more confrontational attitude in forums such as the FTAA and the WTO. Nonetheless, the PT’s foreign policy represented more of a pseudo-\textit{tiers-mondiste} policy, then the authentic one exemplified by the policies promulgated by the New International Economic Order (NIEO) during the 1970s. Whereas the NIEO constituted an effort to overcome the asymmetrical and imperialistic relationship with developed countries, particularly the United States, by transforming the structure of the world order, the PT’s new diplomacy sought to ameliorate Brazil’s position within the world order without seeking to transform the social relations that sustained it. Overall, the aggressive foreign policy on agriculture and its seemingly contradictory policy on financial capital betrayed an underlying tension consistent with its historical sub-imperial condition in relation to the United States.

The most common description of the change of Brazilian foreign policy under Lula has been one of greater leadership among and cooperation with other South American and developing countries. This new role was manifested in the elaboration of the G20 at Cancun, a closer relationship with African countries, the BRIC (Brazil-Russia-India-China) framework, and the IBSA (India-Brazil-South Africa) forums. All of these alliances pledged cooperation on issues of common interest, particularly agriculture, and commitment to multilateralism, while maintaining divergent degrees of institutionalization.\textsuperscript{513}

\textsuperscript{512} Boito, “Lula et la Grande Bourgeoisie Intérieure Brésilienne” 48-49.
\textsuperscript{513} For this type of argumentation, see for example, Alcides Costa Vez, “Brazilian Foreign Policy under Lula: Change or Continuity?” \textit{FES Briefing Paper} April (2004); or Vigevani, “Lula’s Foreign Policy and the Quest for Autonomy through Diversification.”
Nowhere was Brazil’s leadership more clear, and more consistent, than in its relationship with MERCOSUR, particularly in its dealings with the FTAA. Despite continued difficulties in further institutionalizing MERCOSUR before 2005, trade among member countries continued to grow. This changing disposition on Brazil’s behalf was consolidated by a greater degree of cohesion between MERCOSUR members with the election of Kirchner in Argentina and Tabare Vazquez in Uruguay, both of whom came to align themselves with Brazil vis-à-vis the FTAA. This consolidation was all the more significant as Argentina aligned itself with the United States as recently as the 1999 currency crisis. At that time, Argentina threatened to move away from MERCOSUR to sign a bilateral agreement with the United States as a retaliatory measure against Brazil’s devaluation of its currency. This greater cohesiveness within MERCOSUR was accompanied by a growing chorus of Latin American leaders who declared themselves skeptical of neo-liberal policies and the FTAA. These included, of course, Hugo Chavez in Venezuela, Raphael Correa in Ecuador, and Evo Morales in Bolivia. In the midst of this changing tide of politics in Latin America, Brazil was able to extract important concessions from the United States, which effectively drew away any momentum the FTAA may have had in the final stages of the negotiation. The Lula government’s aggressive approach to multilateral negotiations was in no way restricted to the FTAA, as Brazil behaved in a similar manner at the 2002 Cancun WTO Meeting, which preceded the important 2003 FTAA Ministerial Meeting in Miami, and in the MERCOSUR-EU negotiations, which stalled in 2004. In these forums, Brazil played a leading role in organizing challenges to the imperatives put forth by the United States as well as Europe.

Despite Brazil’s rigid position towards agricultural subsidies, it continued to state its commitment to the negotiation of the FTAA long after Venezuela stopped doing so. It did so at more of a diplomatic

\[514\] De Lima and Hirst, “Brazil as an Intermediate and Regional Power” 30-32; and Genna, “Brazilian Regional Power in the Development of Mercosul” 44-47.
level, as there were signs as early as 2002 that work within the FTAA’s negotiation groups had stopped progressing as effectively as previously. This was significant, as both the United States and Brazil took over as chairs in the crucial final stage of the negotiations. The two countries could have theoretically been able to ensure that effective work be accomplished within that institutional level. Effectively, however, the negotiation groups stopped being the engine that drove the process forward. Overall, Brazil’s position towards the United States and the FTAA was carefully framed in terms of a rhetoric of justice and fair play. Adhemar Bahadian and Mauricio Carvalho Lyrio, two members of Brazil’s negotiation team, highlighted that it was a matter of principle that if South American countries were to make concessions on items such as government procurement and intellectual property rights, that the United States would similarly make concessions on items important to developing countries such as agriculture. By emphasizing equity and fairness, Brazil was able to confront the United States without having to question the United States’ leadership position. Additionally, the fact that work in the negotiation groups stopped progressing while Brazil was co-chair amplified the importance of the first ‘track’ of the negotiations, in which it played an important role at the helm of the hemisphere’s second most important sub-regional bloc.

Brazil’s coup de grâce, whether it was intended as such or not, took place at the 2003 Ministerial Meeting during which it was able to get the United States to drop the single-undertaking aspect of the negotiations in order to adopt an à la carte framework. This change was explicitly made to

515 It is difficult to pin down exactly what occurred to bring about this result and what role Brazil played in it, but it is safe to assume that Brazil was the more reticent of the two co-chairs. Proof that work slowed in the negotiation groups was that the last draft of the agreement to be produced was released in November 2003, more than a year before the final deadline, and that, other than the documents submitted by Venezuela, the FTAA Secretariat released very few documents produced by the agreement’s different negotiation groups after 2003.


517 For more on the details and ramifications of this event, please see chapter 2.
accommodate the three MERCOSUR countries and to make sure the negotiations continued. This accommodation occurred despite serious objections by countries like Canada, Chile, and Mexico. What the à la carte framework meant for the negotiations remained ill-defined, as there were no clarifications regarding the baseline of a potential agreement. In other words, it brought up more questions than it answered. It also opened a breach between the United States and the most consistent and solid supporters of the agreement. Following Brazil’s diplomatic triumph in Miami, Lula exclaimed “If they want to be heard, poor countries will have to express their interests in a broader way. They must take to the negotiating table the paradoxes of globalisation.”

The new framework, framed largely in terms of national sovereignty, did not position Brazil in a way that it would be perceived to be against the FTAA as a whole, but it effectively directed the negotiations onto more precarious and discordant grounds.

At the 2004 Summit of the Americas in Nueva Leon, Mexico, by virtue of it being its host, acquiesced to Brazil’s strategy of attempting to delay and modify the parameters of the negotiations by advocating that the FTAA be put aside by hemispheric leaders to enable other issues to be discussed. Although the FTAA was eventually discussed, despite the resolution not to do so, and although Brazil again reiterated its support for the negotiations, the initial sidelining of the FTAA negotiations effectively prevented any momentum that could have been generated. This meeting between heads of state a year before the agreement’s deadline, indicated the process was stalled. Finally, at the 2005 Mar del Plata Summit of the negotiations, Brazil continued its careful policy of ambivalence. It led a movement to include dual language within the summit’s Declaration of Principles, which reflected the division that had been created in the Americas concerning neo-liberalism. A first position reflected the wish of the countries that wanted an FTAA agreement in the near future, while a second position advocated a slower

Rogerio Santo Domingo, “Americas: FTAA Advocates now Must Try to Win Over The NGOs,” Inter Press Service, November 19 2003, Stauffer Library, Queen’s University, 11 February 2009. 
approach to the negotiations and suggested the Americas was not ready for such an agreement. The language in the Declaration of Principle reflected the second position specified:

Other member states maintain that the necessary conditions are not yet in place for achieving a balanced and equitable free trade agreement with effective access to markets free from subsidies and trade-distorting practices, and that takes into account the needs and sensitivities of all partners, as well as the differences in the levels of development and size of the economies.  

The statement was quite critical of what can safely be assumed to be the United States position towards the FTAA, especially since it makes a clear reference to “subsidies and trade-distorting practices.” However, the statement does not suggest a clear rejection of the FTAA project; rather, it defers it to an unspecified future date. A further example of Brazil’s careful ambivalence towards the agreement, were statements made by Brazilian diplomats to the effect that their country would be willing to negotiate an agreement in the future, but only on the condition that the United States make concessions on agriculture.  

The lack of an agreement at the 2005 Summit effectively brought the negotiations to an end, as FTAA talks have not been renewed despite the expressed will of most of the hemisphere’s countries to do so.

Brazil played no small part in bringing about this project, but it did so carefully by never explicitly articulating an open and explicit challenge to the United States’ leadership in the hemisphere. Although it adhered to the broad policy goals of the Washington Consensus within its own national social formation, Brazil’s aggressive attitude towards the FTAA, framed largely in terms of the rhetoric of national sovereignty, and accompanied by Venezuela and its allies in MERCOSUR, contributed to a crisis of authority of the United States’ leadership as it was embodied within its hemispheric integration project. Importantly, the Brazilian state, in the last phase of the negotiations, mounted a counter-hegemonic challenge to the United States’ leadership in relation to the FTAA without explicitly resorting to openly

---

520 Clendenning, “Negotiators Fail to Agree on Free Trade Proposal at Americas Summit in Argentina.”
counter-hegemonic ideological content. The ideological content of Brazil’s challenge was framed in terms of national sovereignty in a way that did not place it in directly antagonistic opposition to the United States’ role in the hemisphere. In other words, the ideology of national sovereignty in Brazilian foreign policy under Lula made it ambivalent towards the United States in general, but antagonistic towards the FTAA specifically. Furthermore, the insistence on national sovereignty troubled the ideological categories that sustained the FTAA’s framework. This can be contrasted to Venezuela’s more explicit challenge, embodied in the counter-hegemonic content of its rhetoric and its support for a regional integration project, the ALBA, that openly claimed to be an alternative to the FTAA and openly denounced American imperialism. Indicative of Brazil’s position in relation to the FTAA was that, although it played an important role in bringing about the impasse in the negotiations, George W. Bush heaped praise upon Lula’s leadership in the wake of the Mar del Plata Summit and emphasized the good relationship between both countries.\(^{521}\)

6.12 Conclusion

Brazil’s structural strength and size in relation to the rest of Latin America meant that it would necessarily play an important role in the outcome of the FTAA negotiations. From the beginning of the negotiations, it displayed a cautious attitude towards the potential agreement as it was being promulgated by the United States. This caution was not necessarily the result of an ideological disjuncture between Brazil’s government at the time; indeed, it implemented a macro-economic model that was largely in line with the Washington Consensus. Alternatively, it was based on creating on optimal conditions for Brazil’s integration into the global capitalist economy. Part of this endeavour included intermediate

mechanisms that the FTAA threatened to disrupt, such as MERCOSUR, that would allow for Brazil’s economy to ameliorate its competitiveness gradually. This chapter has demonstrated that a shift in Brazil’s attitude towards the FTAA resulted from a crisis of authority within its national social formation that was compounded and rendered move visible by 1999 exchange crisis. The immediate consequence of the crisis was that the Cardoso government pursued more aggressive attitude towards the FTAA in terms of agricultural exports and anti-dumping measures as it moved away from the Plano Real. Politically, the crisis contributed to the opening of the political field and the ascendancy of the ‘outsider’ PT.

In view of the election of Lula, the continued resiliency of finance capital imposed important constraints on the PT government’s ability to effect change both domestically and, to a lesser extent, in terms of its foreign policy. In other words, in Brazil, the resiliency of finance capital in view of the crisis of authority brought about by the 1999 exchange crisis meant that it was able to absorb and displace the counter-hegemonic dynamics that emerged at that moment, including the rise of the PT. In view of this constraint, the PT, with explicit reliance on the state, essentially re-articulated the hegemonic block led by financial capital so as to better integrate the interests of industrial and agricultural capital. Consequently, in terms of foreign policy, the PT sought to better take into consideration the interests of the fractions of capital that had been neglected during Cardoso’s presidency. These changes meant that Brazilian policymakers displayed a willingness to engage in more South-South diplomacy so as to satisfy the more radical elements of its base and to open up new markets, and to challenge the United States on certain matters within the framework of the FTAA in a way that brought about its demise. Nevertheless, Brazilian policymakers did not put in place policies both domestically and internationally that had the potential to jeopardize the fundamental interests of finance capital within Brazil. Therefore, Brazil’s challenge to the United States remained within the confines of a sub-imperial relationship as defined by Marini.
Chapter 7. Conclusion

7.1 Introduction

This chapter considers the contributions of both the empirical and theoretical arguments brought forth by this dissertation. The empirical contributions will be considered in the light of the literature on the FTAA negotiations as well as on what has been written on the Bolivarian Revolution in Venezuela. The theoretical contributions will be considered in relation to the application of Antonio Gramsci’s contributions to understanding international political economy (IPE) and the literature on global governance. The chapter will conclude with a discussion of the implications of the arguments presented in this dissertation for future research.

7.2 Empirical Contributions

This dissertation considers both domestic politics in multiple states and inter-state relations. Employing a Gramscian theoretical framework necessarily entails pressing the disciplinary boundaries within political science, as utilizing such an approach implies that one cannot properly consider the national without reference to the international. Indeed, Geoffrey Underhill explains that the more critical variant of the field of IPE, with its focus on the relationship between the state and the market, can be understood as an “inter-discipline”, which has roots in a “range of social sciences and sub-fields” in a way that throws “into question the levels of analysis assumptions of comparative politics and international relations.”

Studying the evolution of the FTAA negotiations within such a framework, therefore, engenders an analysis of dynamics that have taken place at the international and transnational levels, with a focus on case studies of two countries that proved pivotal in the negotiating process and its outcome.

---

Therefore, the empirical contributions made in this dissertation pertain to the evolution of the FTAA itself, as well as to developments that took place in Venezuela and Brazil in relation to and beyond the negotiations.

**7.2.1 Contribution to the Debate over the FTAA**

Chapter 3 contributes to the study of the FTAA and inter-American relations in providing an historical analysis absent in extant literature. In terms of the analysis of the FTAA negotiations, as indicated in chapter 3, the most common approach to explaining either the difficulty of negotiating the agreement before 2005, or the failure in obtaining an agreement is to highlight the economic asymmetries between the participants. Notably, the FTAA constituted an anomaly, not only in terms of the spread between the size of the economies and their level of development, but also in the variation in the degree of economic interdependence between all of the states that were involved in the negotiations. There is no doubt that the structural economic asymmetries that existed between the participating states played an important part in the evolution and outcome of the negotiations. In view of these factors, this dissertation’s primary contribution to the analysis of the FTAA was to demonstrate that the failure to obtain an agreement was more than just a matter of economic incongruence, but that an important shift took place during the decade in which it was negotiated.

The legitimacy of the neo-liberal ideology that framed the FTAA, which was an important element of the consensus that gave rise to the negotiations in 1994, came under increasing attack throughout the hemisphere and contributed to the unraveling of the negotiations. The growing de-legitimization of neo-liberal ideology in view of the failure of the reforms that were inspired by them contributed to the emergence of crises of authority within the national social formations of Latin America,

---

523 Philips, “Hemispheric Integration and Sub-regionalism in the Americas” 327.
which in cases such as Venezuela and to a lesser extent Brazil led to the election of leftist governments which were at best ambivalent towards the ideology. By demonstrating the dialectical link between civil societies and nation states, and between nation states and global governance structures, this dissertation argued that it becomes possible to conceptualize how a crisis of authority located within the national civil societies of the hemisphere came to shape the evolution of FTAA negotiations. In doing so, it establishes that in relation to the dissipation of the liberal consensus that came into being at the end of the Cold War, the United States came to face a crisis of authority at the level of its hemispheric leadership vis-à-vis certain Latin American states, notably Venezuela and Brazil, that challenged its authority within the framework of the FTAA negotiations.

However, this dissertation also argued that the challenges from Venezuela and Brazil were very different due to the specificities of each social formation. Notably, the crisis of authority brought about by neo-liberalism in Venezuela eventually led to the emergence of a government at the national level that was capable and willing to articulate an explicitly counter-hegemonic strategy against neo-liberalism, both nationally and regionally, in terms of the United States’ leadership. In Brazil, due to the continued strength of finance capital, the crisis of authority that emerged at a national level as a result of neo-liberal reforms and the 1999 exchange crisis did not lead to the election of a government that was able or willing to articulate an explicitly counter-hegemonic program either domestically or regionally. The counter-hegemonic élan that came out of the crisis of authority in Brazil was essentially supplanted through finance capital’s pressure on the PT government. Nonetheless, the requirements of the re-articulation of financial capital’s hegemony at the national level spurred on the Brazilian state to pursue a policy that was counter-hegemonic in form, but not in content. Although both Venezuela and Brazil differed in terms of the content of their opposition to the FTAA, they joined into a block, along with the other MERCOSUR countries, that would challenge the United States’ leadership in the hemisphere. This was
done by articulating a discourse centered on sovereignty that challenged the ideological suppositions that framed the content and structure of the negotiations. Essentially, the discourse of sovereignty troubled and eventually subverted the ideological division between the political and the economic that was essential to the FTAA negotiations. The United States, weakened by domestic factors, was not able to make compromises at the FTAA negotiating table, primarily in terms of agricultural subsidies, that could have mitigated the emergence of the ‘MERCOSUR plus one’ block. In the end, the FTAA negotiations unraveled as the result of the emergence of two blocks of countries that were divided not only in terms of the United States’ leadership in the hemisphere, but also, in various degrees ideologically, as to the desirability of neo-liberalism as an economic model.

The ideological rift that appeared within the Americas during the decade the FTAA was negotiated had real material consequences. This does not only describe an ideological disjuncture between the outlooks of certain governments in the hemisphere and what was being promoted in the FTAA. If one looks closely enough at processes, both at the level of the foreign economic policy formulation within states, as addressed regarding Venezuela and Brazil, one can notice the changes wrought by a growing crisis of authority. Specifically, this dissertation has demonstrated that there were key turning points during the negotiations that were not entirely due to the economic asymmetries of the Americas, but rather also due to an emerging de-legitimization of the neo-liberal ideology that was the basis of the United States’ hegemonic project in the hemisphere.

In terms of Venezuela’s position towards the agreement, it began to change in 1999 following Chavez’s accession to power. Venezuela went from a position of constructive ambivalence towards the FTAA, during which its negotiators participated in the agreement’s negotiation groups in good faith, to one of growing hostility. In the wake of Chavez’s election, though not immediately, the FTAA negotiations were drawn into the broader dynamics of the increasing polarization of Venezuelan society
as a result of the Bolivarian Revolution. In view of these dynamics, the Venezuelan government began to perceive the FTAA as both an impediment and as a threat to its domestic and foreign policy goals. Accordingly, the team that had negotiated the FTAA since its inception began to notice the growing politicization of what they were negotiating, and felt as though they were perceived to be compromised ideologically by the government because of their prior engagement with the negotiations. The perceptions of some of the negotiators comprise part of the evidentiary support to this argument. They were eventually replaced by a Presidential Commission to negotiate the FTAA, which was charged with carrying out Venezuela’s more radical disposition towards the negotiations. This Commission challenged the ideological precepts of the U.S. vision of the hemisphere embedded in the FTAA, and had considerable influence over other states regarding its position. This dissertation’s specific contribution to studying Venezuela’s role in the FTAA was to outline the change that took place within Venezuela’s state structure in terms of its attitude towards the negotiations, and by connecting it to more extensive historical dynamics.

In terms of the consequences of the growing crisis of authority regarding Brazil’s attitude towards the FTAA, this dissertation has established that although it was not as radical as Venezuela in its ideological argumentation, it was no less important for the evolution of the negotiations. Brazil started off the negotiations with a cautious attitude towards the agreement, as its negotiators believed that too rapid of an accession to the FTAA would jeopardize its plan to gradually integrate into global capitalist economy through MERCOSUR. Therefore, in the initial stages of the FTAA negotiations, it sought to maintain the centrality of MERCOSUR within its foreign economic policy. The aim was to move the hemispheric integration process away from incorporation through the North American Free Trade Agreement (NAFTA), an option favoured by the United States, and towards a framework that called for the integration of all of the hemisphere’s sub-regional agreements. Brazil also advocated that the FTAA
negotiations be as drawn out as possible, and include flexibility wherever possible with the goal of ensuring that its economy increased its competitive position in the hemisphere. This dissertation’s specific contribution to studying Brazil’s role within the framework of the FTAA was to pinpoint the change in its attitude resulting from the crisis of authority, brought about by the 1999 exchange crisis, which was eventually mitigated and absorbed by the strength of financial capital. Chapter 6 demonstrated that a change did take place in Brazil’s disposition towards the FTAA, and that it was part of the PT’s broader re-articulation of the country’s historical bloc led by financial capital, which depended more heavily on agricultural capital as a source of revenue. Significantly, Brazil did not exhibit the same degree of skepticism towards the FTAA throughout the decade in which it was negotiated. Indeed, its social formation went through important changes during this period that had significant ramifications on its policy disposition towards the negotiations.

Throughout the FTAA negotiations, even at the height of consensus in 1994, there were areas of disagreement among the different participants. For example, as mentioned above, Brazil sought to modify the terms of the agreement so as to benefit its interest, and countries located in the Caribbean complained that their concerns were being overshadowed by the hemisphere’s larger countries. However, these disagreements tell only part of the story as there was another institutional level to the negotiations. In fact, the possibility that disagreement and contention could disrupt the negotiations was taken into consideration in the design of the institutional framework that was put into place to carry out the FTAA. The importance of the second ‘track’ of the negotiations has been stressed in this analysis, centered on its negotiation groups, with a focus on identifying the dynamics that disrupted their progress. Notably, Venezuela played an important role in disrupting the ideological consensus that existed within the FTAA’s negotiating groups in the wake of the Quito Ministerial Meeting in 2002. Furthermore, this study identified the importance of the disruption of progress in the negotiation groups that came into effect once
Lula came to power in 2003, while Brazil was a co-chair of the negotiations with the United States. It was at the point of the disruption of the progress in the negotiating groups, which acted as the FTAA’s driving force, combined with adoption of the ‘FTAA à la carte’ framework, that the negotiations lost their direction and opened the way to the two blocs of countries that proved to be irreconcilable at the 2005 Summit of the Americas in Mar del Plata.

7.2.2 Contribution to Understanding the Bolivarian Revolution

Steve Ellner explains that much of the work that has been done so far on the Bolivarian Revolution has exhibited a “tendency to downplay issues of substance and to concentrate on personality, personal ambition and self-serving behaviour” in relation to Chavez’s government. A consequence of this tendency, explains Ellner, has been to neglect “basic issues, particularly those related to social, economic and national interests.”

Indeed, much of the literature on Venezuela has focused on Chavez’s ‘neopopulist’ style of governing. This is in part due to the polarizing nature of both his personality and the reforms that have been implemented since he came to power in 1999. The charged atmosphere surrounding Chavez and the Bolivarian Revolution make it quite difficult to study the country without falling into what Ellner calls the “zero-sum” approach to Venezuelan politics in which one either supports or opposes Chavez. Analyses of Venezuela’s foreign policy, in general, have not escaped this tendency as they have also focused on Chavez’s populist style as well as on his role in the election of other leftist heads of state in Latin America.

---

empirical contribution. Notably, although it has not avoided discussing Chavez, both as a symbol and as a historical actor, this dissertation has contributed to the understanding of the Bolivarian Revolution by bringing to light what occurred to the institutional structure of the Venezuela’s FTAA negotiating teams.

What was particularly salient about what occurred in relation to the FTAA negotiations was that it was drawn into the wider dynamics of the Bolivarian Revolution. As examined in chapter 4, the institutional matrix of the Venezuelan state has become a site of the polarized political conflict that characterized the rest of its social formation. This has often created situations of *paralelismo* in which state institutions responsible for a particular issue area have been matched with a parallel institution that is more directly in line with the political ambitions of the president’s office. The most common and widely known examples of this phenomenon are the *misiones* established in issue areas such as health and education. The fact that a similar strategy had been established within the realm of foreign policy is not widely known outside of Venezuela. This point demonstrates the extent to which the Bolivarian Revolution has sought to transform the state, and the degree to which the executive distrusts certain state institutions. Additionally, this analysis highlights the decision-making procedures and the nature of inter-institutional conflict within the Venezuelan state. There is clearly much going on with the Bolivarian Revolution at an institutional level beyond Chavez’s polarizing personality and projects, such as the *misiones*, than what is usually showcased by the government. Tracing the evolution of institutional developments associated with the Bolivarian Revolution and putting them into specific historical context reveals a great deal about the nature of Chavez’s government.

### 7.3 Theoretical Contributions

This dissertation has also attempted to address the potential insights of neo-Gramscian theory in the context of global governance. It attempts to approach the negotiation of the FTAA though the lens of
the totality, which, overall, is consistent with the critical approach to IPE. As indicated, there are many explanations that have identified particular dynamics that contributed to the unravelling of the negotiations. However, they frequently leave out important aspects of the negotiations, and cannot account for the dynamic nature of the process. The FTAA negotiations implicated very different actors arrayed across varied institutional jurisdictions. In view of these factors, this dissertation attempts to apply a theoretical framework, neo-Gramscianism, with some modifications that could not only account for the participation of these different actors, but also the variation in their behaviour.

7.3.1 Contribution to Neo-Gramscian Theory

As indicated in chapter 2, Robert Cox’s work on international institutions provides a useful theoretical entry point in terms of understanding their relationship with states within the broader frame of global orders. Notably, it is insightful to understand the FTAA as an attempt to universalize the United States’ leadership, as a hegemonic project, in the hemisphere. However, beyond Cox’s framework, here, certain international institutions, notably institutions that were set up to negotiate the FTAA, did not only work to disseminate hegemony, but also became the subject of counter-hegemonic dynamics. Developing states have, in fact, increasingly challenged dominant states within the superstructure, sometimes driven by a popular base. As such, the FTAA negotiation was a particular conjuncture during which the leadership of the United States was challenged successfully within the international level of the superstructure. International institutions need to be conceptualized, as demonstrated in this analysis, as being part of the same political society as nation states. Specifically, understood as an additional institutional layer that seeks to ‘enwrap’ divided national civil societies, it becomes possible to account for the possibility of counter-hegemony originating from developing states impacting the superstructure at

the international level. In other words, in approaching civil society and political society as a dialectical unity that encompasses the totality of social relations, one can theorize how social relations within developing states impart the institutional form and content of international institutions. This analysis sought to re-emphasize the importance of political society, using neo-Gramscian theory, as a juridical abstraction specific to the capitalist mode of production that seeks to unite inherently divided civil societies, operating within the analysis of international institutions.

Moreover, this dissertation has elaborated a framework that takes into consideration the complexity of foreign policy decision-making in relation to multilateral negotiations and grounds them within social relations. Specifically, by employing a neo-Gramscian theory that embraces a Marxist approach to the state, this dissertation has demonstrated that foreign policy decisions must be considered within the context of a particular ‘crystallization’ of the state. Rather than assuming that the state is a unified and rational agent, the state is understood as an ensemble of institutions traversed by social relations that constitute a ‘condensation’ of the social relations located within civil society. By locating foreign policy within particular ‘crystallizations’ of the state, the state can be contextualized within the broader context of inter-institutional relations. This approach has advantages over more traditional approaches to state behaviour within multilateral negotiations as it can account for incoherent state strategies, and it can relate the back to shifts in social relations within the social formation in which the state is located.

7.3.2 Contribution to the Literature on Global Governance

The literature on global governance has been critiqued by Susanne Soederberg, among others, for
portraying institutions as though they float in “mid-air” above social relations.528 The liberal definition of
global governance, the most common one being the one put forth by the Commission of Global
Governance, inherently has positive connotations. It portrays global governance as a mechanism through
which the world’s many actors can manage their common affairs in a consensual manner. Consequently,
such an approach obscures the power relations that traverse such institutions, and conceals the historical
structures on which they are built that have worked to perpetuate inequality between states.529 By re-
emphasizing the importance of political society within neo-Gramscian theory, and by situating the
approach to specific international institutions within it, one can conceptualize how such institutions are
grounded within social relations. In doing so, this analysis goes beyond what Henk Overbeek calls an
“actor based approach” based on a pluralist theory of democracy.530 The approach to global governance
put forth here does not portray institutions as being neutral arbiters tasked with mediating and managing
contending demands, but as the product of complex sets of interactions between power-based social
relations. Specifically, this dissertation has presented a theoretical framework that can account for the
dialectical unity of civil society located within national social formations, and global governance
structures situated beyond the nation state.

Additionally, by situating global governance structures within political society, it becomes
necessary to connect them to the same social relations that ‘crystallize’ national state structures.
Specifically, global governance structures are not dialectically linked to civil societies in the same manner
they are linked with national state structures. Rather, the dialectical relationship between global

528 Susanne Soederberg, Global Governance in Question: Empire, Class, and the New Common Sense in Managing
529 Henk Overbeek, “Global Governance, Class, Hegemony: A Historical Materialist Perspective” Contending
Perspectives on Global Governance: Coherence, Contestation and World Order eds. Alice Ba and Matthew Hoffman
530 Overbeek, “Global Governance, Class, Hegemony” 39.
governance structures and civil society is mediated by national state institutions. This does not mean, however, that there is no contact between global governance structures and civil society actors; rather, this study has argued that this interaction is qualitatively different from the dialectical one that exists in and through national states. As such, the institutional matrix of global governance structures is influenced by a process of ‘crystallization’ structured by social relations originating from different social formations. The story of the rise and fall of the FTAA negotiating process has been explained within such an approach.

7.4 Areas for Future Research

The FTAA negotiation was one of the first forums in which developing countries exhibited growing assertiveness in contesting the structure of the world order as it was being articulated by the United States and other core states. This growing challenge from the South came in the wake of two decades of retreat, since the onset of the debt crises in the early 1980s, and the failure of the last attempt by developing countries to push for restructuring of the world order with the Declaration for the Establishment of a New International Economic Order in the United Nations National Assembly during the 1970s. An area for future research would be to apply the conceptual framework used to study the FTAA to other forums such as the Doha Round of the WTO and the G20, as well as established institutions such as the World Bank and the IMF. Future research would need to take into account BRIC (Brazil, Russia, India, and China) countries and in relation to the financial troubles that have afflicted core states since the latest global financial crisis. A focus on these multiple arenas would contribute to refining the conceptual framework that was used for studying the FTAA negotiations. Such research would help to measure the degree to which the growing assertiveness of states that have been associated with the South is modifying the superstructure located beyond the nation states, and how it has affected the world order within it.
In addition to applying the conceptual framework developed in this dissertation to global governance structures that have involved both developed and developing states, it would be insightful to apply to global governance structures that only involve the latter. With a view to South America, it would be fruitful to apply this framework to both the ALBA and the Unión de Naciones Suramericanas (UNASUR). Focusing on the relationship that different class fractions within participating states have with each of these agreements would help to elucidate the nature of these projects in terms of the potential impact they may have on the overall world order, but also on the social relations within their social formations. Specifically, it would be productive to explore the degree to which these agreements represent counter-hegemonic projects within the Americas, and the extent to which they have contributed to forwarding an alternative development model to the one promulgated by the Washington Consensus. This would help to evaluate the relationship the United States has with the region in the wake of the collapse of the FTAA negotiations and the United States’ pursuit of strategic bilateral treaties with some Latin American states.

Lastly, further research could be done on the foreign policy process in Venezuela. Much that has already been written on the ALBA has focused on the content of its integration framework and how it differs from other regional integration projects. However, more questions need to be addressed regarding the institutional arrangements that have been put in place to manage the ALBA, and how domestic politics have come to shape that particular project. In terms of the institutional arrangements established to manage the negotiations, it would be interesting to study the role played by the PDVSA in

the overall direction of the integration project. Daniel Hellinger notes that petroleum revenue has played an important role in funding the integration project and this has been central to many of the bilateral agreements that make up the overall ALBA.\footnote{Hellinger, Obama and the Bolivarian Agenda for the Americas” 57.} Furthermore, the use of petroleum for the ALBA has been the source of domestic political discord concerning Chavez’s right to use its revenue in such a manner. Whether this has indeed created substantial ties between the participating states beyond opportunistic access to subsidized petroleum remains an open question.\footnote{Luisa Romero Bermudez, Minister of Production and Commerce (2001-2005), interview by author, 15 April 2009, digital voice recording, Caracas, Venezuela.} In view of these dynamics, the PDVSA’s role in directing the evolution of the ALBA and its relationship with other institutional actors, such as the Ministry of Integration and Foreign Commerce, deserves analysis. Such research would provide insights not only into the role the PDVSA has played in developing the ALBA, but also into its role in other projects associated with the Bolivarian Revolution, which has been a central supporter.\footnote{Ellner, Rethinking Venezuelan Politics 194 (n.6).} Researching the role the PDVSA plays in directing the ALBA would help to reveal power dynamics within the Venezuelan state in terms of its particular ‘crystallizations’ since Chavez came to power, as well as the state’s broader relationship with different sectors of Venezuela’s social formation.

7.5 Conclusion

This dissertation has provided a novel understanding of the collapse of the FTAA negotiations by emphasizing the importance of the ideological transformation that took place in Latin America during the decade it was negotiated. Previous analyses tend to highlight the significance of the economic asymmetries and structural differences of the hemisphere’s different states on the outcome of FTAA negotiations. There is no doubt that economic discrepancies played no small part in the failure to obtain an agreement by the 2005 deadline, but such an explanation cannot account for the consensus that existed
throughout most of the negotiations as to desirability of the FTAA, the actual progress that was made during the negotiations, and the many changes in positions carried out by states towards the agreement. What can account for these developments, this dissertation has argued, was an ideological shift rooted in the social formations of Latin America against neo-liberal reforms in the wake of the ‘lost decade’ of the 1980s.\textsuperscript{535}

The ideological shift against neo-liberalism produced very different political outcomes in Latin American national states, due to the structural specificities of each national social formation, and led to varied and evolving policies towards the FTAA negotiations, which came to be viewed as the expansion and institutionalization of that ideology in the Americas. Nonetheless, the policies of the national states of the ‘MERCOSUR plus one’ block, most of whom were then governed by recently elected leftist governments, coalesced in a way that led to the unraveling of the FTAA negotiations. Venezuela and Brazil were prominent in forging that oppositional block and challenging the ideological consensus that sustained the FTAA by re-emphasizing the importance of national sovereignty and democratic accountability.

The re-valorization of national sovereignty and notions pertaining to democratic accountability by Venezuela and Brazil had real material consequences on the evolution of the FTAA negotiations. This was due to the fact that the FTAA’s institutional structure and content was premised on a separation between the ‘political’ and the ‘economic.’ This separation, in fact, was consistent with neo-liberal conceptions of global governance that attempt to de-politicize their policies and to obfuscate the continued relationship between these institutional structures and the civil societies of national social formation. Nowhere was this clearer, this dissertation has demonstrated, than in the separation of the

FTAA negotiations into two institutional tracks. It was once the ‘epistemic community,’ founded on the desirability of hemispheric policy harmonization based on the neo-liberal ideology located within the inner track of the negotiations, was disrupted by Venezuela and put aside by Brazil that the negotiations lost their direction and fell into disarray. The actions of both these states, justified in terms of national sovereignty and the need to re-politicize the FTAA negotiations, essentially laid bare the ideologically interested nature of the negotiations in terms of the United States’ economic interests, and the continued link between governance structures beyond the state and national civil societies. Once this link was recognized and acted upon through a discourse based on national sovereignty, the national states of the ‘MERCOSUR plus one’ block, buttressed by their civil societies, felt free to articulate demands and conceptions of national economic interest that were odds with the neo-liberal framework of the FTAA negotiations. It was no coincidence, therefore, that the national states of the ‘MERCOSUS plus one’ block expressed at the 2005 Mar del Plata Summit of the Americas that they could not adhere to the FTAA because it did not take “into account the needs and sensitivities of all partners, as well as the differences in the levels of development and size of the economies.”

To conclude, by emphasizing the importance of political and civil society within Gramscian theory, and then applying it to an analysis of global governance structures, this dissertation was able to outline the relationship between developments in the civil society of national social formations and developments within governance structures situated beyond the state. The revelation of the continued relationship between both elements contradicts neo-liberal conceptions of global governance structures, which portray them as being a-political and autonomous from the particular interests of national states. Additionally, this dissertation exploded the discourse that ‘There is No Alternative’ to neo-liberal globalization, which was essential to the consensus that surrounded the FTAA throughout the

---

536 FTAA Secretariat, Fourth Summit of the Americas: Declaration of Mar del Plata 4
negotiations. Consequently, it revealed that social forces rooted in national social formations that may not have privileged connections to ‘international policy networks’ and institutions still have the agency to shape global governance structures through mobilization vis-à-vis their national states. By emphasizing the continued dialectical relationship between national civil societies and different institutional orders, this dissertation outlined how crises of authority prompted by neo-liberal policies located in the national social formations of Latin America contributed to a crisis of authority at the regional level in terms of the FTAA negotiations as a concrete expression of the United States’ leadership in the hemisphere. As such, the FTAA was not only undermined by static and incompatible economic interests, but more importantly through the actions of political actors situated within various institutional contexts that were motivated by contradictory ideologies.
Works Cited

BOOKS AND JOURNAL ARTICLES


Alimonda, Hector. ”Brazilian Society and Regional Integration.” Latin American Perspectives. 27.6 (2000): 27-44.


PRIMARY SOURCES


“Press Conference with USTR Robert B. Zoellick, Minister Botero (Colombia), Minister Ferrero (Peru), Minister Baki (Ecuador), ViceMinister Gumuzio (Bolivia)” 18 November 2003. VII FTAA Ministerial Meeting. Miami.


---. *Ponencia El ALCA y la propuesta ALBA*, obtained through email correspondence for use by author, March 2006, CELARG, Caracas, Venezuela.

---. “Venezuela Rompe el Cerco,” obtained through email correspondence for use by author, February 2005, Havana, Cuba.


**INTERVIEWS**


Garofalo Laya, Fidel. MPC Team Coordinator. Interview by author. 1 April 2009. Digital voice recording. Caracas, Venezuela.


NEWSPAPER DOCUMENTS


Diebel, Linda. “Behind the Scenes – They are Going to Quebec City to Talk Trade, but Many of the 34 Hemispheric Leaders have Scores to Settle, Too.” Toronto Star. 15 April 2001. Queen’s University, Stauffer Library. 11 February 2009 <www.factiva.com >=. 


294


Appendix A. GREB Letter

August 18, 2008

Marcel W. E. Nelson
PhD Candidate
Department of Political Studies
Queen’s University

GREB Ref # GPLST-081-08
Title: “Contested Hegemony: The Collapse of the FTAA and the Delegitimization of the Neoliberal Project in the Americas”

Dear Marcel Nelson:

The General Research Ethics Board (GREB) has given expedited approval to your proposal titled “Contested Hegemony: The Collapse of the FTAA and the Delegitimization of the Neoliberal Project in the Americas”. In accordance with the Tri Council Guidelines (article D.1.6) and Senate Terms of Reference (article G), your project has been approved for one year. At the end of each year, GREB will ask if your project has been completed and if not, what changes have occurred or will occur in the next year.

You are reminded of your obligation to advise the GREB, with a copy to your Unit REB, of any adverse event(s) that occur during this approval period (details available on webpage www.queensu.ca/vpr/greb/addforms.htm#Adverse). An adverse event includes, but is not limited to, a complaint, a change or an unexpected event that alters the level of risk for the researcher or participant or situation that requires a substantial change in approach to a participant(s). You are also advised that any adverse events must be reported to the GREB within 24 hours.

You are also reminded that all changes that might affect human participants must be approved by the GREB. Examples of required approvals are: changes in study procedures or implementations of new aspects into the study procedures that affect human subjects. These changes must be sent to Linda Und at the Office of Research Services or E(ridl)@queensu.ca prior to implementation. Ms. Frid will seek the approval of the GREB reviewer(s) who originally assessed your application or the GREB Chair.

On behalf of the General Research Ethics Board, I wish you continued success in your research.

Yours sincerely,

[Signature]
GREB Chair
Professor and Member,
General Research Ethics Board

[Copy: Chair of Unit REB: Andrew Lister
Faculty Supervisor: Abigail Bakan
Unit REB Admin: Karen Vandermeer

think Research
think Queens

298
Appendix B. Letter of Information for Interviewees

Name of participant
Address

Letter of Information

Dear Name,

This letter is to provide information pertaining to the research project entitled Contested Hegemony: The Collapse of the FTAA and the De-Legitimation of the Neo-liberal Project in the Americas. This research project is being conducted by Marcel Nelson, doctoral candidate at the Department of Political Studies, Queen’s university, Kingston, Ontario, Canada.

Research will include interviews that will be conducted in order to establish the dynamics that led to the demise of the Free Trade Area of the Americas. Members of the Venezuelan and Canadian negotiating teams are being interviewed in order to achieve this goal. Participants will be asked to state their opinion on questions related to the topic under study. Confidentiality will be maintained by not quoting participants by name, but only generic description, unless participants explicitly agree to being quoted by name.

Participation in the research project is completely voluntary and participants are free to withdraw at any point of time during the research for any reason they may deem fit. Participants will be interviewed once which is expected to last for one hour (approximately). There are no known physical, psychological, economic or social risks involved with the participation in the research. Finally, there is no remuneration provided for participating in this research.

A digital recorder shall be used to record the interviews. Interviews will be deleted once they have been transferred onto a password protected computer. The confidentiality of the participants shall be protected by means of concealing the names and identities of the participants (unless they give explicit consent to be quoted) and the information in the form of raw data shall be kept safe on a password protected computer.

This research shall be part of the PhD dissertation that will be submitted to Queen’s University. The academic community and any other person interested in it shall have access to it through Queen’s University. It may also be published in the form of a book at a later stage and can be thus available to the general public or as a secondary source for other researchers.
Any complaints or queries regarding the nature or manner of research can be forwarded to the following persons/bodies:

Marcel Nelson
5mn16@queensu.ca, (613) 533-6230
Department of Political Studies
Queen’s University
Kingston, Ontario, Canada, K7L 3N6

Dr. Abigail Bakan
bakana@queensu.ca, (613) 533-6239
Department of Political Studies
Queen’s University
Kingston, Ontario, Canada K7L 3N6

General Research Ethics Board
Chair: Dr. Steve Leighton
chair.GREB@queensu.ca, (613) 533-6081
Queen’s University
Kingston, Ontario, Canada K7L 3N6

If you require further information, please do not hesitate to contact me.

Yours truly,

Marcel Nelson
Doctoral Candidate
Queen’s University