

The Monterrey Hemispheric Summit

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Presidents and prime ministers from 34 countries in the Western Hemisphere met in Monterrey, Mexico, on January 12 and 13, issued a 13-page, single-spaced “Declaration of Nuevo León” (Monterrey is the capital of the state of Nuevo León), but, despite all the pomp and circumstance surrounding the event, it is unlikely that many people other than the participants and hemispheric junkies like me will pay much attention to the words of the declaration. The document is typical of such papers in that every word, phrase, and paragraph was negotiated to make it acceptable to all countries. The declaration is essentially a statement of intentions rather than a plan of action. This was the fourth hemispheric summit in this series (Miami 1994, Santiago 1998, Quebec City 2001, before this one), and there are literally hundreds of previous statements of intention that have seen no implementation.

There are, however, some actions that have grown out of previous summits. The negotiations looking toward a Free Trade Area of the Americas (FTAA) were conceived and promoted in previous summits. The hemispheric pro-democracy and anticorruption agreements concluded in the Organization of American States (OAS) deal with topics raised in earlier summits. Apart from the formal document, summits are useful meeting places for heads of government and their minions to reach understandings. (There will be more on this later in this commentary.) This combination of undated promises and occasional accomplishments, plus the ability to have one-on-one meetings between chiefs of state, leads me to conclude that summits should not be dismissed as irrelevant nor be taken too seriously as a way to make policy.

The themes stressed at the Monterrey summit were the following, as stated in the declaration: “We affirm that the well-being of our people requires the achievement of three closely linked and interdependent objectives: economic growth with equity to reduce poverty, social development, and democratic governance.” The section on economic growth deals with the need for external financing, promotion

of micro, small, and medium-size enterprises, reform of the international financial architecture, securing property rights, and reducing the cost of sending remittances. The social section is a hodgepodge of good intentions including more education, health care, improved labor conditions, and protection of the rights of migrants. The governance section deals with the strengthening of democracy, the promotion of human rights, the need for transparency in government activities, and the intensification of efforts to root out corruption.

There is stress throughout the paper on continuity: the intention to continue implementing previous summit mandates; to continue implementing sound macroeconomic policies; to continue efforts to identify secure sources of financing; to continue to implement policies to raise savings; to continue to promote access to quality basic education; etc. I counted 10 proposals for continuation of past policies and many fewer suggestions for new initiatives.

Even though countries do not always pay attention to the words of these summit declarations, they do fight over the phraseology so that statements cannot be thrown back at them at some future time. The structure of the declaration was completed before the heads of government arrived, and four items were in dispute. The most important of these was on trade, namely, whether there should be a concrete action proposal or a passing reference in favor of trade. The United States wanted the declaration to reaffirm the target date of December 31, 2004 for completing the negotiations for an FTAA, and the Brazilians opposed this, arguing that it would detract from the priority of this summit on social issues. The compromise wording on the FTAA was to accept the “framework and calendar” adopted by the trade ministers in Miami in November 2003 “for concluding the negotiations for the FTAA in the established timetable.” That means by the end of 2004 to those who are well informed and means little to the uninformed. I wonder why these games are played.

The reference to the Miami framework undoubtedly satisfies a Brazilian position for what has been called an FTAA “lite,” namely, an agreement dealing primarily with market access involving all the participating countries, and allowing countries to choose for themselves whether to adhere to other parts of an FTAA on services, intellectual property, investment, government procurement, and the like. My assumption is that both parts of the declaration were the basis for the compromise on trade wording, the framework to satisfy Brazil and the calendar for the United States.

The second area of controversy was on corruption and whether corrupt governments should be excluded from future summits (as the United States proposed), or something less severe, as just about everybody else favored. The final statement committed governments to deny safe haven to corrupt officials and their assets and to cooperate in their extradition and recovery of the proceeds of their corruption. The argument against the U.S. position was that it would be impossible to know enough about the extent of corruption to exclude any given country from future meetings and not exclude others.

The third controversial item was a proposal to work to reduce the cost of sending remittances by at least 50 percent by 2008, as proposed by El Salvador, and this was accepted. The fourth controversial item was suggested by Venezuela—to set up a social fund to fight poverty—and this was not accepted.

A word on Venezuela and President Hugo Chávez. His well-known view that no trade agreement with the United States in the hemispheric context should be contemplated, plus his vitriolic language just before the summit (that Condoleezza Rice is illiterate because she supports having a recall vote for which signatures were gathered on whether to oust Chávez) marginalized Venezuela as a player in the Monterrey proceedings.

The two most important side discussions that President Bush had were the well-publicized ones with Vicente Fox, president of Mexico, and Paul Martin, the prime minister of Canada. Each country was granted important concessions at or in the run-up to the summit. President Fox generally supported Bush’s immigration proposal as a constructive step, although deep down he surely would like it to be strengthened to offer more than temporary work visas to the millions of undocumented Mexicans already living in the United States. Canada announced on January 8 that it had made a decision in principle to participate in the U.S. missile defense system for North America, and in talks at the summit, President Bush agreed to include Canada in future bidding for contracts in Iraq.

One other bilateral issue worthy of note was the speech by

Carlos Mesa, president of Bolivia, in which he called for President Ricardo Lagos of Chile to give Bolivia “free, useful and *sovereign* access” to the Pacific Ocean. (My emphasis.) The issue of Bolivia’s access to the sea has been under intense discussion recently between the two countries, and Lagos was visibly angered that it was raised this way in the final plenary session of the summit.

The most interesting aspect of the summit was what was not said in the declaration. An examination of the economic and social aspects of that document makes it clear that the aspirations can be met over time only if there is consistent economic growth—and this is precisely what most hemispheric countries have not achieved during the past two decades. Poverty cannot be reduced without economic growth. Low growth limits the potential tax revenue (already low from poor tax collection) to finance enhanced education and health care. The stimulation of small and medium-size enterprises is likely to be frustrated in stagnant economies.

Clearly, precise economic policies of 34 countries cannot be set forth in a single conference document. But behind the façade of hemispheric objectives, there is much debate about the appropriate growth model of different countries. Chile is thriving with what its detractors call “neoliberalism.” Other countries are turning away from this approach without stating precisely what they propose—whether more government-run activities, economies that are more closed to imports and foreign investment, or other dead-end permutations along these lines.

The struggle over the wording of the trade language makes it evident that there is uncertainty over the free trade model exemplified by the FTAA. If not this model, what is the alternative? This remains largely unstated. One hears arguments that free trade is not enough. Nobody has ever disputed this—but what, then, is “enough”?

Summits have the value of summarizing the current state of thinking on social, economic, and political issues of the countries of the hemisphere, but doing this in a most general fashion. The important policy issues are those that lie behind the summit summary and that are being carried out in real-world governmental policies.

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