- Reduce the public sector by cutting back on public services like health care and education, privatizing state enterprises, and deregulating the economy;
- Reorient the domestic economy towards export production; and,
- Maintain high interest rates in order to control inflation and stimulate the confidence of foreign investors.

As a result, almost anyone on the street can give you an earful about the impact of the IMF. However, trade agreements have not been on the public radar, something that Latin American activists are in the process of changing. While the IMF has been the battering ram that has forcibly liberalized Latin America, trade agreements like the WTO and proposed FTAA serve to lock this economic model in place. Unfortunately, this model is based more on faith than hard evidence.

The legacy of SAPs in Latin America is that, having geared their economies to export, many countries have become dependent on the US market. Some see enhanced access to the US as the main outcome of the negotiations. The US knows this and will try to trade off market access for concessions in intellectual property, investment and services.

In the FTAA negotiations, as well as at the WTO, Latin Americans have been grappling with how to deal with US power. One response has been to develop regional trade blocs. On one hand, this merely mimics the globalization process on a smaller scale; on the other hand, it offers the opportunity to strengthen economic capabilities through a larger regional market, while enhancing bargaining power at the negotiating table.

Perhaps the most dynamic regional bloc is Mercosur, the Common Market of the Southern Cone, which includes Brazil, Argentina, Uruguay and Paraguay. Mercosur countries are less reliant on the US market, trading more with Europe. Last Fall, Mercosur agreed to join with the Andean Community (representing most of the remaining South American countries) into a South American Free Trade Agreement by January 2002. While this raises important issues, many activists in South America see greater potential for building on regional agreements as an alternative project to casting their lot with an FTAA dominated by the US.

While the US is the biggest power in the negotiations, completing an FTAA deal depends a great deal on Brazil, the largest Latin American economy. Brazil has a lot to lose in the negotiations and has been lukewarm to the FTAA, instead favouring Mercosur as an alternative. Trade tensions between Brazil and Canada include ongoing skirmishes of jet aircraft subsidies, and more recently, accusations over mad cow disease in Brazilian cattle. Brazil has also had major disagreements with the US over intellectual property.