

place regularly in recent years, i.e., it does not contemplate Canada's joining MERCOSUR or even establishing an association similar to that between MERCOSUR and Chile. The Chilean economy is about the size of Montreal's, but Brazil's GDP is equivalent to that of Canada, and the total GDP of MERCOSUR, the customs union made up of Brazil, Argentina, Paraguay, and Uruguay, is much bigger, representing about two-thirds of South America's economic output and over 50 per cent of Latin America's. Progress, however, has been slow, in spite of visits by President Cardoso and Prime Minister Chrétien. The difficulties are many: the distance to be bridged, in terms of tariffs, is significantly larger than with Chile, and MERCOSUR is by no means a tight unit, with tensions surfacing periodically between its two key partners, Brazil and Argentina. Perhaps of most significance in the short term, progress is made difficult because of a major dispute between Canada's Bombardier and Brazil's Embraer, both linchpins of their countries' high-tech industries and, for distinct reasons, deeply embedded in their respective political universes. At the time of this writing, in sum, an association of Canada with MERCOSUR, and involving significant liberalization of trade and investments in the short or medium term, looks unlikely.

If the trade picture does not quite conform to Canada's hopes, the international, political, and social outlook that made the hemispheric option so natural after the region's return to democracy seems to hold fast, but barely. Democratically elected governments are still in power in all countries but Cuba and a few more peaceful transfers of power have taken place. Yet, there is a sense in the region that the democratization process has stopped in its tracks and that it threatens to regress as political institutions remain feeble and vulnerable (Dominguez, 1997), while corruption, social problems, and violence are increasing. Trade liberalization has not produced the kind of growth expected (except in Chile) (Edwards, 1977), and the benefits of what growth there was have been highly concentrated (Berry, 1997). As corruption scandals have rocked countries from Argentina to Mexico, political institutions have been weakened. Economies that are central to the stability of the region, Brazil and Argentina, in particular, remain vulnerable to external shocks. Military tensions have exploded into an all-out war between Ecuador and Peru (Klepak, 1998). There are now signs of a budding arms race among Chile, Peru, and Argentina, and major multidimensional crises are in the offing in Cuba, Haiti, and, most ominously, Colombia.

The hemisphere has changed since Canada made its bid for closer integration. As will be made clear later in this essay, we feel that these changes should not lead to a reassessment of that option. What is needed instead is a closer look at the region, and a clearer view of Canada's place and role in it. Before discussing this, however, an assessment of the state of regional governance is required, for Canada's long-term integration in the region depends, beyond trade, on its active involvement in the collective attempts at solving the problems that confront it. This was clearly seen in the modest perspective of the 1989 Latin American strategy, and to its credit, the government has stood by that view ever since.

REGIONAL GOVERNANCE AND THE OAS

Hemispheric convergence in the Americas feeds on converging political and economic outlooks, a shared agenda on key issues, such as human rights, long-term prosperity, and sustainable development, and a community of interests deriving from the transnational character and potential spillover effects—through migration, for instance—of problems such as political instability, economic collapse, and drug trafficking. Although these factors do not produce an overwhelming pressure to integrate on a hemispheric basis, they do create the opportunity, and they generate significant incentives for the countries of the region to work together. A number of problems, however, hamper the smooth emergence of effective regional governance in the region, as well as the consolidation of the logical focus of such governance, the OAS.

Obstacles to Regional Governance in the Americas *Asymmetrical Power Relationships*

The asymmetrical power relationship between the US and Latin American partners remains the defining feature of the inter-American political landscape. The US penchant for unilateralism (or regional neglect) has led to Latin America's search for legal/institutional and subregional counterweights to US hegemony. The creation of the OAS (and its cumbersome structures) in 1948 embodied this tension, and despite the post-Cold War convergence of values regarding democracy, open economies, and trade liberalization, the legacy of its creation and subsequent failures continue to haunt the OAS.