

the ruins of the Uruguay Round. With the establishment of the WTO, that energy has dissipated (Hart, 1995). There are, moreover, few other positive US policy initiatives towards the region, now that USAID's budgets for the region are evaporating and US security policy is less coherent today than during the first Clinton administration.

The dependent nature of Canada's trade policy appears most vividly in the debate about fast-track and the recent developments on that question. In the wake of the Clinton administration's defeat in mid-October, it appears that fast-tracking could only come about if significant concessions are made to the Gephardt-led protectionist lobby. These concessions would have a lot to do with Canada's trade surplus with the United States. As a result, Canada finds itself in the awkward situation of having to pay a potentially significant price for a hemispheric integration process over which it will have little control once the United States moves decisively forward. If no compromise is reached in the United States, then the Santiago summit will have a strangely hollow agenda, and while Canada could keep the initiative and even some control over what would remain of the integration process, it would be riding a pretty sick animal.

These issues must be taken into account immediately. Canada's enthusiasm for integration and trade liberalization, while crucial to maintaining the momentum of the FTAA process, now threatens to isolate it from the very countries it wants to get closer to. This is especially true on trade and investment. Whatever the theoretical case for or against capital controls, the rigidity shown in the negotiation with Chile damaged our long-term strategy in the region. To push for quick trade liberalization through an ambitious FTAA similarly goes against the political momentum in the region. Likewise, pushing too hard for the adoption of labour and environmental standards risks alienating Latin American countries, always wary of US tactics to introduce non-tariff barriers.

On all those issues, the key risks are for Canada to find itself alone in front or, perhaps more damaging politically, alone with the US against the rest of the hemisphere—as happened in Costa Rica last fall on the issue of a US proposal to set up working groups on labour and environmental standards. In the face of strong opposition from Chile and the MERCOSUR countries, who want those issues discussed in the International Labour Organization (ILO) fora, Canada was the only country to support the US. The fact is, in the short and medium terms, Canada has little to gain or lose from progress in any of these

areas. This offers lots of leeway, but also limited legitimacy for pushing too hard.

The domestic politics of trade liberalization and capital control are complex in Latin America and the Caribbean. Whatever the personal views of the people in power, the whole program is not an easy sell with the public after a decade or more of painful adjustments. This is why the issue of the 'rhythm' of integration, as the Brazilians—fittingly—put it, is so crucial. As seen before, the prospect of a constraining trade and investment regime for the region generates lots of discomfort in countries accustomed to US unilateralism—something Canada should sympathize with. The paradoxical implication is that a strategy that endeavours to bring Canada closer to the region in the long term needs to promote less economic integration in the short and medium terms. Canada, in other words, should use the freedom that its still limited interest in the region offers to show understanding and sensitivity to the political, social and economic hurdles that confront free traders and integrationists in the region.

In the same perspective, and recognizing the peculiarities of hemispheric politics, Canada should promote a soft multilateralism and flexible regime-building in other areas, avoiding constraining regimes until universality of application (i.e., application to the US) can be guaranteed. This could, for instance, involve the development of a blueprint of a plan, likely to be supported by the key non-US players in the hemisphere, that would explore how hemispheric governance could be fashioned to avoid the pitfalls that currently befall it. Against an increasingly clear danger of isolation and ineffectiveness, in sum, Canada should better balance leadership and dialogue.

#### *Coalition-Building and Dialogue in Canada*

Beginning in the 1980s, global civil society—NGOs, business associations, and unions—has secured a strong presence in the global and hemispheric multilateral agenda. Parallel summits and fora have become standard fare at intergovernmental get-togethers, most spectacularly at the 1992 UN Conference on the Environment and Sustainable Development (UNCED) in Rio. Business associations, unions, and NGOs have shown a willingness to become increasingly closely involved in the larger politics of multilateral governance. Canadian civil society players have been very active on that front. Fast-growing networks of business associations, quickly expanding NGO coalitions, and increasingly tight North-South union linkages