NAFTA and the Possibility of an Alternative Development Strategy in Mexico

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A Draft, comments most welcome.
Introduction

Neoliberal restructuration has been the dominant current in the globalizing political economy from the early 1980's. At the late 1990's, many neoliberal ideals have been transformed into ‘paradigmatic’ practices within national states, macroregional entities and international economic organizations. By and large this means that the liberalization of trade and capital movements, deregulation, privatisation of industries and services, and a general trend toward individualisation of social practices has become fashionable at all these ‘levels’. In the North American economic area, and especially in Mexico, the North American Free Trade Agreement (NAFTA, TLC) is both a symbol and a locomotive of these changes.

Even if the neoliberal program has been adopted by most governments, this dominant current and its practices are by no means uncontested. However, a majority of economists and politicians believe that this current brings in practical realism and understanding of economic determinants whereas forms of economic nationalism and public (state) regulation were based on wrong understanding of economy and human nature. In practice this has meant depolitization of economy, in a liberal sense that autonomous and self-regulating economy functions in optimal way only if public regulation of economy is delimited to creation and maintenance of the optimal conditions for economy. The level and quality of this optimal amount of regulation clearly changes in time and space. But, the general tendency is that regulation in liberal politics should be minimized to the support of self-regulating economy.

The global shift toward laissez-faire forms of capitalist market economy has been accompanied by the proliferation of liberal democratic forms of governance\(^1\). Most countries have moved towards a combination of capitalist market economy and liberal democracy, or “capitalist democracy”, as for example Dryzec (1996) puts it. Capitalist democracy has become to represent the most elaborate and efficient (best possible) social system. This idea is well reflected in Francis Fukuyama’s neo-Hegelian belief in the end of History along with the proliferation of market economy and liberal democracy. For him, we have arrived at a phase of historical development in which human subjects have somewhat ceased to imagine possibilities to produce viable social innovations.

However, even if the political, administrative and economic elites now believe in the necessity of neoliberal restructuration that is supposed to lead to such situation, this dominant neoliberal current has not become hegemonic in Gramscian sense. Even if the social subjects are relatively passive politically and do not participate actively to the political imagination through formal channels, there is no definitive consent in relation to the finality of neoliberal practices. At the moment, the dominant discourse and practices have upper hand, but the increasing discontent with the results of these practices may reduce belief in the discourse of necessity\(^2\).

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\(^1\) On democratization of Mexico (in global context) see Minkkinen 1996a.

\(^2\) This may be the case despite the fact that, especially in the economically developed areas relatively broad social sectors believe that they benefit from neoliberal restructution and its practices. On the false nature of this belief, see Gill 1997.
Even if many gain from neoliberal structuration in the economically developed countries, in the ‘developing’ parts of the world a broad majority does not benefit from neoliberal globalisation. Even if neoliberal restructuration may accelerate economic growth, this model inherently increases income differences both within and between countries. It is probable that such development is not socially and politically sustainable in the long run. Furthermore, the liberalisation of financial markets has increased the instability of global financial system. Due to the adjustment requirements set by the IMF the lower income sectors bear most of the burden of recurring financial crises. Moreover, the latest and still unfolding financial turmoil has increased doubts over the sustainability of liberalised financial system itself.

Thus it should not be surprising that there is a marked proliferation of contemplation of alternatives to the neoliberal globalisation. This is reflected in the rise of NGO’s with critical stance on globalisation, neoliberalism as well as ‘development’ understood in terms of established development discourse. Furthermore, the oppositional activity of these NGO’s is increasingly transnational. The problems of dominant practices are also reflected in the increased production of different alternative proposals in front of neoliberalism and globalisation. Both NGO’s and scholars share a common conviction that the future alternative possibilities require both unthinking and rethinking of previous approaches. And finally, even within the institutional strongholds of new economic liberalism there are critical voices over their previous practices and ‘side effects’ of excessive liberalisation.

In Mexico, most attempts to contemplate alternatives tend to be connected to NAFTA. However, especially financial globalisation and formation of transnational elite alliances both within and beyond NAFTA area call for contemplation of alternatives beyond regional settings. This paper examines some central features of globalisation and regionalisation. This quest starts from recognition that even if regionalisation is often conceived as a solution to the problems of neoliberal globalization, these regional solutions tend to be constructed on a similar social ontology and within the same dominant discourse. However, I believe that regional entities may be turned into contexts of alternative imagination and practices, even if especially NAFTA seems to be problematic in this respect. This paper discusses mainly the question of NAFTA and the possibility of alternative development strategy in Mexico. Besides that I discuss shortly some alternative possibilities on global and transnational ‘levels’.

Globalisation: Ending History with the dominance of finance?

Globalisation is a complex phenomenon that is difficult to grasp from one single point of view. As a phenomenon it cuts across most human sciences, and each academic discipline

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3 On the discussion on discovery of poverty, development discourse, development as a regime of representation, see Escobar 1995.
4 E.g. Joseph E. Stiglitz (1998), chief economist of the World Bank, has criticized “The Washington Consensus” and outlined some guidelines for more sustainable, equitable and democratic development in the context of “the Post-Washington Consensus”.
defines globalization within its own matrix. Each academic discipline introduces its own partial explanation that both enriches and complicates the field. Exact and generally accepted explanatory definitions are almost impossible to come by. Thus, the specific meaning of globalization needs to be clarified for different contexts. From this it follows that all understandings of globalization and its consequences are normatively constructed.

In this paper I will discuss some historical, economic and political aspects of globalization. Furthermore, I will point at ‘discursive’ and ‘communicative’ aspects of globalization in order to show how globalization is perceived as final step in human history and that civil societies may have important role to play in the process of reappraisal of alternative paths of development.

First of all, one should reject attempts claiming that during 1980's and 1990's occurred an absolute rupture with the past practices. Rather, globalization should be seen as a set of continuities and discontinuities, qualitatively new openings and closures (practical and discursive). It is a historical process that began to emerge during 15th century and that undergoes presently a phase of marked intensification. Globalisation as a historical process is not determined by or reducible to any specific force. Rather it evolves as a combination of patterned forms of previous thought and action and present competing discourses and practices. Thus, as a process globalisation is not predetermined -- even if it is constructed on previous structurations -- and therefore the way it set to unfold depend on intentional action.

Economic globalisation, the development and intensification of global capitalism implies a rapid re-inclusion of areas whose articulation with world markets was previously limited due to various modes of regulation and alternative forms of property and labour control. Social interaction and thus specific configurations of ‘economy’ is inherently transterritorial although predominant part of social interaction and exchange -- the everyday life -- of most of us is concentrated in the sphere of local and national. The degree of this transterritoriality has changed in time and space due to the political, technological, cultural and ideological conjunctures, restraints and possibilities that set the parameters for social interaction. Intensification or deceleration of globalisation is closely related to the changes in these parameters.

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5 On various approaches to globalisation, see for example Octavio Ianni (1996).

6 This is partially related to the technological development which has facilitated creation of global financial markets, re-organization of global division of labour as well as transnationalisation of the activity of Non-governmental organizations (NGO). Despite of that I do not share Castell’s (1996) technological determinism in explanation of globalization. Rather technology is more instrumental to be applied to promote various economic, political, cultural and ideological interests. Giddens’ (1990) notions (that relate globalisation and modernity), ‘time-space distanciation’ and ‘stretching process’ increase our understanding of process. Giddens defines globalisation “as the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa” (pp. 63-64). Even those who underline cultural aspects of globalisations do not deny ‘intentionality’ the process. For example Robertson (1992) does not “consider the matter of ‘the forces’ or ‘the mechanisms’ [of the dynamics of capitalism and the forces of imperialism] of globalization unimportant” (pp. 28-9),(pp. 70-78).
Dominant (neo-liberal) discourse presents globalisation as a natural process that will produce an optimal and definitive set of social arrangements globally. This discourse depolitise and technicalize a fundamentally political process, an open process which is increasingly contested and whose consequences depend largely (but not completely) on our own intentional action. Economic globalisation, restructuration of global capitalism is a simultaneous process with the globalisation of political governance based on liberal democracy. The dominant discourse presents economic globalisation as a return to normalcy from ‘unnatural’ attempts to regulate economy as a part of social life, even if some forms of regulation advanced well-being and democratic accountability (welfare state). Economic liberalism and capitalist democracy are seen as inseparable parts of ‘best possible’ social constellation.

By and large, this dominant economic discourse involves similar closed view of history as the neo-Hegelian historicism represented most notably Francis Fukuyama. For him, History has ended along with general acceptance of market economy and liberal democratic political order.

Fukuyama somewhat shares Hegel’s and Marx’s conviction on the possibility of the end of history in a sense that there would be no further progress in the development of underlying principles and institutions, because all of the really big questions had been settled.

Fukuyama clarifies the purpose of his 1992 book “The End of History and the Last Man” by outlining his reasons to return to “a very old question:

Whether, at the end of the twentieth century, it makes sense for us once again to speak of a coherent and directional History of mankind that will eventually lead the greater part of humanity to liberal democracy? The answer I arrive at is yes, for two separate reasons. One has to do with economics, and the other has to do with what is termed the ‘struggle for recognition’.

Therefore, for him, liberal democracy and market economy constitute the eternal essence of a good society. Fukuyama gives credit to modern natural science and technological development. Technology allows “limitless accumulation of wealth, and thus the satisfaction

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7 However, economic liberalism is compatible with authoritarian modes of governance, too.

8 Fukuyama’s End of History is part of succession, End of Ideology; End of Utopia etc. All these assumptions are created in the context of economically developed parts of the world. These approaches generalize particularities and present the conclusions in universal terms. However, in an increasingly turbulent and polarizing global capitalist economy it seems that these endist assumptions are premature.

9 Fukuyama 1992, xii-xiii. “Struggle for recognition” refers to Plato’s concept thymos (which refers to part of human soul inhabited by “spiritedness”, or demand for recognition, of “self-esteem”) (xvi). Thymos has two partly contradictory stronger versions, isothymia, “the desire to be recognized as the equal with the other people” whereas megalothymia refers to a desire to be recognized as superior (182). In wider social context isothymia can be seen as a willingness to promote equality, (at least utopian) communism being its extreme manifestation, while megalothymia is strive for superiority in the spheres of culture, politics and business etc. Megalothymia can lead to totalitarianism, but in the context of liberal market economy and liberal democracy it can be channelled into creative, positive and ‘domesticated’ ‘dynamism’ while its negative manifestations can be deterred.
of an ever-expanding set of human desires”. Technological development and economic modernization makes countries to resemble one another. These societies become increasingly linked through global market and consumer culture. Furthermore, Fukuyama goes on to predict that “[...] the logic of modern natural science would seem to dictate a universal evolution in the direction of capitalism”. Some of Fukuyama’s ideas seem to be correct. However, his endist reasoning is simply wrong.

Both Fukuyama and proponents of dominant discourse seem to share a conviction not only in the capacity of globalising capitalism to generate increasing material well-being but also to some degree of its distribution. This belief allows another belief in the model of governance based on institutions of capitalist democracy. Material well-being of most of us (in the economically developed world, and later on elsewhere) supposedly prevents us from requiring changes to that order which is, by definition, culmination of human capabilities to invent social orders.

We may assume that economic development has promoted (at least relative) material well-being in regulated conditions (welfare state, developmentalist state). However, it is inherent in the development model of neoliberal capitalism that income differences increase (within and between) countries. It is built into the discursive legitimation of neoliberal development that the income inequality promotes economic growth. The globalisation of this development model may stimulate economic growth (and fluctuations). However, this path may also lead toward a zero sum game between national political economies and as well as individuals. The growing profits of few result as diminishing profits and incomes of many. Those within the transnationalising sectors of economy and its supporting sectors (public and private) will probably do well. However, since unregulated modes of capitalism promote social polarization within and between countries, the amount of subjects at the margins or totally out of this system is likely to expand, in ‘North’ and ‘South’.

The ongoing restructuration of global capitalism can be seen in the light of the longue durée of structuration, destructuration and restructuration of capitalism as Fernand Braudel has suggested. The emerging forms of global capitalism are constructed on past practices and legitimated within dominant discourse that itself is a time-space adaptation on past discourses. Furthermore, Braudel is of the opinion that capitalism and market-economy,
while they overlap in multiple ways, are not the same thing\textsuperscript{15}. Moreover, Braudel believes that finance capitalism was the form of capitalism that dominated ‘all the activities of the business world’, at least during the previous peak of ‘financial capitalism’ in the beginning of 20th century\textsuperscript{16}. We should pay attention to this notion especially now when financial globalisation is the most advanced part of economic globalisation.

Karl Polanyi was convinced that the state participated actively to the creation of 19th century market civilization, a market society that rested on the utopian belief in the self-regulation of the market system. Polanyi’s idea is important because it contradicts with the belief in natural evolution of self-regulating market system and thus with a belief in artificial separation of ‘economy’ and ‘politics’. According to Polanyi:

There was nothing natural about laissez-faire; free markets could not have come into being merely by allowing things to take their course [...] laissez-faire itself was enforced by the state [...] To the typical utilitarian, economic liberalism was a social project [...] laissez-faire was not a method to achieve a thing, it was the thing to be achieved\textsuperscript{17}.

Thus, for Polanyi, a self-regulating market system as a particular framework of society was a result of intentional action, even if it was discursively constructed as ‘natural’. It was a specific form of market economy that rested on creation of fictious commodities, extending market mechanism to labour, land and money. Since then the commodification has extended to most aspects of human life. This commodification (and monetarization) promotes the subjection of material life and market economy to the control of finance, credit and international institutions that set the framework of finance capitalism. In the current phase of capitalist development this tendency deepens and extends geographically.

Indeed, one aspect of globalisation is the increased subjection of market economy and material life under the dominance of (finance) capitalism. This is evident also in the present day capitalist market economy\textsuperscript{18}. The self-regulating market system is only one

\textsuperscript{15} For Braudel, capitalism is only one layer of world-economy, which consists of material life, market economy and capitalism.

\textsuperscript{16} Braudel 1984, 604. Braudel rejects Hilferdings belief in newness of financial variety of capitalism. However, he supports Hilferding conviction that this variety “has tended to win out over the others, penetrating and dominating them from within”. Also Karl Polanyi, considers that the role of finance is crucial. For him, Haute finance, or international finance (and few centres of national finance), was “the main link between political and economic organization of the world” during the peak of market civilization. The main motive of haute finance was gain and this gain could be secured under conditions of stability (peace, gold standard, constitutional government) that served the hegemonic interests of Pax Britannica as well. This was also reflected in the changes of international law. The influence of haute finance was reinforced by its unofficial de facto administration of semicolonial regions of the world. However, neither the international finance nor the integrated world economy could survive the breakdown of the framework of international financial system, the gold standard. (see, Polanyi 1968, 3-30).

\textsuperscript{17} Polanyi 1968, 139.

\textsuperscript{18} This along with the growth of transnational corporations (many of them have become financial institutions as well) disconnects material life and market economy from everyday life and control of
variant of organizing market economy. The political framework of this system is capitalist democracy.

As mentioned, for Polanyi, the state involvement was crucial for the creation of the settings for this specific civilization that rested on the idea of self-adjusting market. This civilization rested on ‘stark utopia’ and eventually the society -- or societies -- took measures to protect itself, and to reinstall forms of social protection and regulation. This ‘double movement’ involved active promotion of market civilization and a more or less spontaneous protective counterreaction. Even if Polanyi claimed to have described a singular process, it is possible to identify similarities in the development of post-WWII economic order up to date. In both cases we can identify a move from relative regulation towards deregulation, dominant discourse describing the process as ‘natural’, and in both cases the participation of then effective organs of governance was/is crucial.

The post-WWII economic order rested on the dominance of the United States and the Bretton Woods system that reflected Anglo-American discursive hegemony. The constitutive elements of this order (“Embedded liberalism”) were intra-country regulation and relative redistribution and multilateral trade arrangements under the relative financial stability based on Dollar-Gold standard. The creation of the so called Eurodollar markets all the way from the late 1950's brought the gold-dollar standard to an end by the early 1970's.

Ever since the influence of monetarism-liberalism has transformed the setting of this order, the main trends being the gradual deregulation, liberalisation of trade and financial movements, privatisations and the growing influence of transnational forces; transnational corporations, international economic organisations and think-tanks as well as transnational financial institutions. This is related to the formation of a transnational elite or transnational class alliances\(^\text{19}\) and to the internationalisation or transnationalisation of the state\(^\text{20}\). These transnational actors have effectively replaced (and incorporated) the state as central organ in the production and maintenance of global capitalist market civilization \(^\text{21}\). However, the state has not ‘withered away’. Rather, its functions has changed. Today the state supports the priorities of economic liberalism and interests of market civilization or ‘business civilization’ as a whole.

In this context we have supposedly entered into the era of the emptying of historical possibilities and human capacity to produce social innovations. Next we will discuss the role of regional formations in the restructuration of global capitalism.

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\(^{19}\) Cox (1983) has discussed on a transnational historical bloc in the spirit of Antonio Gramsci. This bloc has gained non-state hegemonic power, especially in a Gramscian sense that this bloc has capacity to impose a dominant world view that has received consensus of lower social groupings or classes. For Cox, important mechanism through which this hegemony is expressed are the international organisations, especially those governing world monetary and trade relations (172).


\(^{21}\) NAFTA is a part of the restructuration of capitalist economy. This restructuration proceeds under the guidance of IMF, WTO, G-7, transnational corporations and capital as well as informal forums like Trilateral Commission and World Economic Forum.
Regionalism: adjusting to globalisation or a context for alternatives?

Has the nature and purpose of regional integration changed along with the transformations of global capitalism and the dominant discourse? Is regionalisation a convenient passage to adjust the national political economies to emerging neoliberal globalism, perceived as final form of social order. Or, should we conceive regional entities in more possibilitic terms, as post-national contexts for alternative organization of democratic participation and accountability and socially sustainable forms of market economy. Is the nature of regionalism changed and is the formative logic of regionalism changed? In other words, should we oppose regionalisation, or should we promote regional entities as innovative contexts for alternative development paths toward more humane and socially and ecologically sustainable socio-political configurations?

The emerging regional economic and political entities are, in general, responses to the transformations in the world political economy. In every corner of the world, the countries, of all ‘levels of development’ are seeking to participate in sub-regions of the world economy. The governing elites of most countries consider participation in a regional entity sine qua non for the survival of their country. Most often the rationale behind this is to promote competitiveness in the context of intense global competition. In economically developing countries the rationale is to secure access to the markets and fear of marginalization from the dynamics of world economy.

Behind these rationales there may be another rationale that is a considerable ‘side-effect’ from point of view of the politics of regionalisation. It has been suggested that the free trade areas may constitute a new “conditioning institutional framework that promotes and consolidates neoliberal restructuring”\(^{24}\). Furthermore, Gill has discussed on “new constitutionalism” as one of the central features of transformations taking place in the global political economy. For Gill, the discourse and practice of “new constitutionalism” means “the move towards construction of legal or constitutional devises to remove or insulate substantially the new economic institutions from popular scrutiny or democratic accountability”\(^{25}\). In practice this would mean ‘locking in’ neoliberal practices in a sense that it is very difficult to change them. Most often in this ‘locking in’ occurs in the context of international organisations or regional entities like the European Union and NAFTA.

These views point at the problems of regionalism. Such reasoning suggest that the regional

\(^{22}\) See e.g. de Melo and Panagariya 1993, 5.

\(^{23}\) Mexican trade negotiator Serra Puche listed the benefits of NAFTA as follows: 1) extended and more access to U.S. market, 2) reduced vulnerability of Mexican exports, 3) strengthening of the Mexican commercial interests in external markets, 4) making possible the deepening of the structural change of the economy of the country by improving Mexico’s competitiveness, by economic growth, by strengthening national export-industries and 5) the creation of more productive jobs which enhances well-being of the Mexicans. Furthermore, Serra Puche, stated that NAFTA would increase foreign investments, improve Mexico’s balance of payments, further the modernization of economy and increase the confidence in Mexico’s economy. (Serra Puche 1991, 39 - 40)

\(^{24}\) Grispum and Kreklewich 1994, 33.

solutions around the world tend to be constructed on a roughly similar neoliberal social ontology and within the same dominant discourse. These views suggest that regionalisation closes possibilities rather than opens them. Therefore, globalisation and regionalisation can be seen as compatible processes that do not annul each other in relation to the long term objective of ‘locking in’ practices of neoliberal discourse.  

Both globalization and regionalisation relativize the national state as central matrix of economic activity and as the unit of economic policy coordination. The general tendency seems to be away from welfare nationalism and developmentalism toward adjustment to the necessities of global economy and demands of its governance organs.

The European Union is the best example of contradictory hopes and fears placed on regionalisation. It has been suggested that there are two central objectives behind revival of European integration in the mid-1980’s. On one hand, the European large firms wanted to improve their competitive position in relation to Japanese and US capital. On the other hand, the state elites wanted to regain some of the political sovereignty lost due to the changes in the international context. Both claims are correct. However, the European Round Table of Industrialists (ERT) played an important role in the deepening of European integration from the 1980’s, in close co-operation with the supranational European Commission. This process has now completed the common market project. Next step should be the creation of a post-national democratic community and the creation of sustainable alternative to the Anglo-Saxon economic liberalism.

The second point, the will to regain political sovereignty appears to be closer, though not entirely compatible with the contemplation of alternative possibilities. This is related to the doubts on “Second Regionalisation” discussed by Bhagwati (1993). For him the new forms of regionalism may prevent development of multilateralism. However, next we will see whether Hettne’s thoughts on “New Regionalism” provide any help in understanding regionalism. First of all, he believes that regionalism could be seen as “a response to and a protection against globalisation, or perhaps a second ‘double movement’ in Polanyi’s terms”.

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26 Here we should remember that the United States during the post-WWII period all the way to the 1980’s the United States preferred multilateralism to regional economic groupings, despite the fact she accepted the formation of West-European economic community for political reasons (see, e.g. Bhagwati 1993, 24). This practices was reinforced by the vision that regionalism was a route to multilateralism (op. cit., 45). According to Bhagwati the US endorsement of regionalism from the 1980’s lacks such ‘vision’ and he see ‘revival’ of regionalism as unfortunate. However, he thinks that it is important [and thus possible] to shape this ‘Second Regionalism’ to be “consonant with the objectives of arriving at multilateral free trade for all” (46). Here we can argue that in the context of accelerating globalisation, the over all objective of regionalism [among the adherents of dominant discourse] is to be a part of the process of installing transnational network of institutions and rules that serve the goal of furthering and eternalisation of neoliberal globalisation.


28 Minkkinen and Patomäki 1997. See also Minkkinen 1996b.

29 Hettne 1995, 159. In relation to European Union and EMU, see Helleiner 1995; Minkkinen 1996b.
What then is the essence of this new kind of regionalism? For Hettne it is more open ended process than old regionalism that was formed in the Cold War context, and whose dynamism sprang from outside and ‘from above’ (by and in the shadow of the superpowers), and it was specific with regards to objectives. According to Hettne, new regionalism emerges in a multipolar world order, as a more spontaneous process from within and ‘from below’. It is more comprehensive and multidimensional process than the old regionalism and gives stronger emphasis on the political dimensions of integration. Regions are being organized as a response to the regionalisation in other parts of the world, and a particular regionalisation process has systemic repercussions throughout the world.

To be sure, all processes of regionalisation are partly responses and adjustments to the changes beyond territorial limits of this entity. On the other hand, all these processes arise from ‘own’ particular objectives that are not reducible to the broader structural changes. Presently it is seen as urgent to adjust to the necessities posed by liberalised world trade and financial flows as well as to the increased global competition. Hettne sees it correctly that the context of regionalisation has changed. However, I think that he gives excessive weight to the supposed change of basic dynamism of regionalisation, that is, from “from above” to “from below”.

Even if the ‘old’ variant of European integration was partly a response to the cold war rivalry between competing ideologies, it was also seen essential for the post-war recovery of capitalist economies and for the construction of post-war international economic order. In this process “from above” meant extra-European influence in the state and bloc centric world political game, at the time when the United States lead the capitalist world.

If I judge correctly, Hettne refers to macro-regions and the new regionalism still implies regionalism as state writ large thinking. For him these entities are freer to act “from below”, from the perceived interests of these entities, even if his five level categorization of regionalisation implies that ‘a regional civil society’ and ‘distinct identity’ is about to emerge in EU. Even if ‘push’ (superpower rivalry) for integration was replaced by the ‘pull’ (structural weaknesses of European economy in relation to the North America and Japan) of integration, “from below” still refers more to the state and bloc centric thinking than to a process in which ‘civil societies’ or social movements play a significant role. If that is the case in Europe, it is arguably even more so in the Americas, especially in the case of

30 That emerged in the 1980's, after the decline of [neofunctional] integration theory and praxis in the 1970's.
32 Now this leadership has ‘trilateralised’ even if the United States is still in central position. I believe that regionalism still serves mostly the interests of “from above”.
33 Dominguez R. and Hettne (1994, 1-3) compare the process of regionalisation from below with the formation of nation-states. For them, there is, however, an important difference, the lack of a coercive center. This belief place them well into the state centric framework. This easily leads to conclusion that a possibly stronger and unified EU might pursue policies of regional mercantilism, or ‘neo-mercantilism’ (Hettne 1993, 211-232).
34 Hettne and Inotai 1994, 7-8.
NAFTA.

A stronger and unified EU could pursue politics of regional mercantilism. It may, however, be the case that the emerging global capitalism creates significant hindrances for such policies. This view is related to the transformation toward non-state forms of hegemony discussed by post-gramscians. The transnational elite that supports economic liberalism is likely to be a powerful lobby against such regional mercantilism that would be a hindrance to economic globalisation (‘multilateralism’). However, one should not see this presupposition as a negation of the transformative possibilities of regional entities. This possibility could emerge as a result of transnational co-operation of civic organisations, active contemplation of alternative possibilities and active multilayered work at regional level.

Regionalism involves many paradoxes and contradictions. It may be a stepping stone towards more genuine globalism, ‘US capitalism writ large’. In such case, deregulation and restructuration proceed first within national states (pressure from regionalism and globalisation) and at the same time generates a regional setting that initially protects towards pressures of globalisation while simultaneously providing settings to generate framework for genuine deterritorialised global capitalism. This is a possibility that should be taken seriously. However, especially now when the global capitalism and global financial system faces serious problems, it is possible that regional entities grow into entities that would promote some sort of ‘double movement’ against neoliberal globalisation and post-national forms of democratic accountability. This is a real possibility in European Union, given a political moment. Next we shall see how NAFTA fits into the context of regionalisation, especially from Mexico’s point of view.

NAFTA as a form of ‘consolidating’ regionalism

Both globalisation and regionalisation undermine the possibilities of state to maintain regulation and social protection within its territory. As already mentioned, regional entities can be seen both enforcing this tendency and as possible post-national spaces for alternative development paths. The formative rationales behind NAFTA are partially different from those of EU, even though in present context both can be seen also as responses to globalisation and to the changing power and economic relations of three central economic areas. Jorge Castañeda has presented some important points of the processes of regionalisation in the Americas. Even if he recognises the problems of regionalism, he believes that regional integration should be conceived in more possibilistic light:
Castañeda 1993, 371.

Here we should remember that in CEPAL projections the viable locus of import substitution industrialisation would have been regional entities, not single states. These ideas were of course reflected in the processes of ‘old’ regionalisation in the Americas. Furthermore, it presents a normative judgement that regional integration can be an intermediate step towards yet unspecified ‘better’ world, one different from the present. And finally, Castañoeda rejects the viability of NAFTA, a combination of countries of very different level of economic development and importance in the global economy. According to him the processes of regional integration among Latin American countries may grow into platforms for alternative political and socio-economic constellations whereas Mexico’s position in NAFTA is more problematic.

Both Latin American regionalism and European integration involve emancipatory objectives, and thus they may promote a possibility of transformation. NAFTA, on the other hand, seems to belong more closely to the category of promotion and consolidation of neoliberal restructuring. Even if both NAFTA and EMU-deepening of EU received strong criticism in member countries, due to the Mexican political system, the voice of Mexicans was heard particularly badly. The criticism in Europe targeted the monetarist and neoliberal tendencies of EMU. However, it was recognized that due to the European traditions of social protection, it is possible that EU can produce emancipatory alternatives to Anglo-Saxon liberalism. However, this would require deepening of political and social dimensions of EU, and a revision of Maastricht Treaty. In the NAFTA context ‘a trilateral social charter’ and other kinds of trilateral regulation seems to be more difficult to promote, or as Delal Baer formulates it:

35 Castañoeda 1993, 371.

36 Here we should remember that in CEPAL projections the viable locus of import substitution industrialisation would have been regional entities, not single states. These ideas were of course reflected in the processes of ‘old’ regionalisation in the Americas.

37 Here we should note that this formulation punctuates the merits of regional integration to state-centric solution, thus rejects, even relatively mild forms of disconnection/autarchy as old fashioned and unviable options. In my opinion this applies to the outright demands of localisation of economy that pay insufficient attention to the restraints posed by national, regional, international and global institutions. I shall return to that question in next section.

38 We should remember that the Latin American regional projects (like Mercosur) are constructed in the framework of dominant discourse. However, they are important projects that can strengthen the position of Latin America in negotiations on FTAA.

39 Castañoeda and Heredia (1992, 673) are of the opinion that presidents Salinas and Bush made ‘us Mexicans’ to choose without asking between “Anglo-Saxon neo-liberalism and a European Community style social market economy”.

40 Minkkinen and Patomäki 1997.
These North American equivalents of Jacques Delors may meet homegrown Margaret Thatchers who will resist the creation of NAFTA institutional and regulatory structures.\(^{41}\)

In this respect NAFTA is more an ‘economic’ treaty, although there is a variety of political motives behind NAFTA. Similar emancipatory possibilities may be more effectively constrained due to the stronger tendency to consolidate neoliberal restructuration and for historical and ideological reasons.

There are several reasons to believe in NAFTA’s instrumental and consolidative role. First of all, the United States and related corporate interests have been the central force behind economic globalisation, up to the point that some observers qualify globalisation as US capitalism writ large. The United States has traditionally been more inclined to the protection and promotion of business interests than European countries, and thus more reluctant to public regulation of economy. This is related to the widely discussed theme of ‘US exceptionalism’\(^{42}\). Furthermore, US based TNC’s stand to gain most from the reconstruction of global capitalism. Moreover, US based firms have ‘regained’ ‘the competitive edge’ in various high-tech sectors like telecommunications and biotechnology and have an interest in extending ‘free’ trade both regionally and world-wide.

In the United States the constitutional protection of possessive individualism is strong. In other words, the protection of property rights and accumulated wealth is stronger in United States\(^{43}\) than for example in continental Europe. Furthermore, the corporate power in the United States is considerable and has increased constantly since 19th century\(^{44}\). Moreover, the power of US corporations is well reflected in the formation of transnational elite or ‘transnational business class’ that has increased its weight in the formulation of global economic order, including regional entities such as NAFTA. This makes Mexico’s position in NAFTA quite complicated, especially if we contemplate possible alternative development paths.

The decision of Mexico’s governing elites to incorporate her political economy to the North American political economy\(^{45}\) is likely to have long lasting consequences. The decision makers in Mexico, the ‘technocrats’ have grown into the now dominant (neo-)liberal discourse. This facilitates their distanciation from the everyday life and traditional national


\(^{42}\) See, e.g. Heilbroner 1994.


\(^{44}\) E.g. Korten (1997, 75-94, especially 81-82.) has pointed out that after the U.S. Civil War the corporate power in the U.S. has increased considerably. Thereafter the corporations have increased their hold over central units of legislative power, and have practically rewritten the laws governing founding, responsibility and the rights of these corporations.

\(^{45}\) Despite the differences in language, culture, religion, and political culture, the geographical position and economic connectedness (at least from the times of Porfiriato) sets Mexico firmly to the North American political economy. It seems plausible to suppose that the interconnectedness of these economies made Mexico's integration to North American economy more or less inevitable.
sentiments of Mexicans\textsuperscript{46}. Along with the debt crisis the development strategy hacia adentro was replaced by development strategy hacia afuera from the mid-sexenio of Miguel de la Madrid Hurtado\textsuperscript{47}. The government of Carlos Salinas de Gortari intensified this new policy orientation\textsuperscript{48} that received its definitive contractual framework along with Mexico’s entry to NAFTA\textsuperscript{49}. Thus the discourse adaptation of the elites\textsuperscript{50} was turned into a praxis that incorporated Mexico in a pact that locks her development path to the preferences of internationally oriented liberal elites of the United States.

At least in theory, in the context of democratization there should be no fears about ‘consolidation’ or ‘constitutionalisation’ of neoliberal restructuration. The problem lies in the fact that liberal democracy is still predominantly a phenomena of national political economies, whereas the international trade agreements such as NAFTA are international agreements, and as such, very much outside of democratic accountability. Thus many critical observers recognize NAFTA’s role in the consolidation of neoliberal practices\textsuperscript{51}. According to another formulation NAFTA embodies “a more or less irreversible process through which the United States can promote its vision of international economic relations” and “institutionalize” that US vision while Canada and Mexico stand to lose their “sovereignty over economic policy”\textsuperscript{52}. The essentially same thing can be expressed in more moderate terms; “an FTA [like NAFTA] would ensure [...] the durability of Mexico’s open economy strategy\textsuperscript{53}”. Thus, it would seem that NAFTA as it stands and the motivations behind it are considerable hindrances on possibilities of alternative development strategy in Mexico.

The rest of this paper will discuss the possibilities of ‘another’ NAFTA and alternative development strategy in Mexico. But first, I will discuss the problems of financial capitalism, transnational elite formation and the role of transnationalising NGO’s in the process of rethinking of alternatives.

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\textsuperscript{46} Ex-president Salinas de Gortari (1992, 1-4) found it necessary to emphasize that NAFTA does not violate Mexican sovereignty and that it respects Mexican constitution, especially what comes to national property control and the national ownership of natural resources.

\textsuperscript{47} For example Zoraida Vázquez and Meyer (1994, 234) believe that 1985 was the turning point.

\textsuperscript{48} As is commonly known, this shift was directed through neo-liberal reforms, deregulation, unilateral reduction of trade barriers, structural adjustment policies, renegotiation of debt, successive devaluations of Peso, privatizations, ‘deconstitutionalization’ of Ejidos and general decline of standard of living.

\textsuperscript{49} That can be said even if Mexico’s entry to GATT in 1986 and bilateral trade agreements and the membership of OECD in 1994, after NAFTA, are important for the consolidation of this new strategy.

\textsuperscript{50} A continuation of adaptations to ‘development discourse’ (Escobar 1995), this time in ‘non-nationalist’ manner.

\textsuperscript{51} Grinspun & Kreclewich (1994, 49), who in general find free trade agreements as consolidating frameworks, see especially NAFTA as an effort to strengthen North American capitalist class. They too punctuate the non-democratic origins of neoliberal restructuration (35).

\textsuperscript{52} Deblock & Rioux 1993, 30.

\textsuperscript{53} Lustig 1994, 54.
Some alternative openings in the global context

There is a noticeable de facto and increasingly also de jure shift of economic and political power to the international organizations and transnational actors and spaces. International organizations like International Monetary Fund, World Bank, OECD and WTO have become de facto organs of governance of global capitalism. In the context of capitalist democracy they have also become organs that restrict liberal democracy within national political communities. IMF coordinates the liberalization and supervision of global financial system, World Bank finances infrastructure projects that help modernization and facilitate the changes in international division of labour, WTO proceeds with multilateral trade liberalisation (despite regionalisation) and OECD, besides its role as a forum of ‘developed countries’, has broadened its mandate towards ‘constitutionalisation’ of world-wide rules on the rights of investors through planned multilateral agreement on investments (MAI). These international organs operate at the upper layer of global capitalism. At the moment the central project and problem is the stabilization of liberated and increasingly volatile financial markets. At the same time the liberalisation continues and has proceeded to the phase in which the rights of investors are being ‘constitutionalised’ along with MAI. These objectives promote and consolidate a framework in which most aspects of economic life are dominated by the (financial) capitalism. Thus, two most urgent sites of alternative contemplation are related to the democratization of these international organizations and to the re-regulation of global finance.

I have tried to show that Mexico is in difficult position both for her regional context and position in the capitalist world economy. Our tentative conclusion is that it is pointless to discuss Mexico as a member of NAFTA without addressing to transnational and global hindrances for alternative possibilities in Mexico. Mexico’s position is problematic because the United States is in central position not only in NAFTA but (still) also in the global financial system. The United States, or better, individuals and corporations from the United States play also a dominant role both in the official governance organs of global finance as well as in the unofficial forums of the global business community, as Trilateral Commission, and World Economic Forum. The academic and think thank communities of the U.S. are in the leading position in economics, the discipline of our times. Among these communities we find most of the scholarship that is actively involved with the production of endist discourse.

As we have discussed, capitalism and market economy should be seen as distinct, though interconnected parts of the social system of capitalist world economy. As Braudel has pointed out, finance is the top layer of capitalism. Alternative imagination should start from re-regulation of global finance, and thus, from considerable reduction of the dominance of finance over economic life. This is essential for all alternatives whose objective is to return

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54 It is important to note that NAFTA’s articles on procedures of investments and the dispute settlement mechanisms are being introduced to the planned MAI as well.

55 The U.S. dollar is the central reserve currency and her domestic political decisions have both unintended and if necessary intended consequences in the global financial system. The Economic and monetary union of the European Union may change this situation (e.g. Minkkinen and Patomäki 1997).
the economy to the service of everyday life of people. For the dominance of global finance subjects the economic life to the ‘laws’ and ‘fundamentals’ of orthodox economic discourse. Thus the task is to decrease the structural power of financial capital. Otherwise there is no point in discussing market economy that would respond primarily to the human needs (instead of ‘free’ market, these are best served through regulated and redistributive market).

Reduction of the power of financial capital is closely related to the discussion on the post-national and transnational forms of democracy. International Monetary Fund is the central governing body of global finance. IMF has been in the central position in the promotion of financial liberalisation as well. Furthermore, the IMF foremostly represents the ‘national’ interests the countries that have the final word due to their share of financing of IMF. As we well know, due to this rule the United States has the veto power over IMF’s decisions. And the decisions of the United States reflect well the interests of financial community of the United States.

One important step in the reduction of the financial power is thus the reorganization of the IMF or its governing organs. The latter refers to the democratization of IMF, as part of the project to democratize the governance organs of the global political economy. In relation to the first one, it has been suggested that one possibility would be the dismantling of the Bretton Woods organizations and their functional incorporation to the UN organization. First possibility is related to the democratisation of transnational governance organs and to the process of creation of new political spaces. The second possibility is presented by Korten as a part of the project to regionalisation of global system and localisation of economy. Even if the these approaches differ in their methods and goals, they are both important openings in the discussion on reduction of ‘structural power’ of finance.

While the institutional reorganization and democratization of these governance organs would probably be a complicated and contested process, there is another possibility to tame the power of financial markets, and especially to tame the impacts of volatile capital flows. Economist James Tobin has proposed a transaction tax whose intention is to curb down the speculative financial flows. Such proposals are of the interest also from the Mexican point of view. The managing director of IMF has described Mexican Peso-crisis of 1994-95 as “the first financial crisis of the twenty-first century”.

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56 For example Held (1995) is of the opinion that globalisation reduces the possibility of democracy and politics. For ‘cosmopolitan democracy’ see, Archibugi and Held (1995, Eds.)

57 It has been claimed that the financial package arranged after Mexico’s Peso-crisis of 1994-95 was organized primarily to protect the interests of the foreign investors to Mexico, especially those of the United States.

58 See Korten 1997, 415.

59 According to the IMF Survey (July 15, 1996, 235) “the global economy remains vulnerable to costly financial crises such as the Mexican peso crisis of late 1994. The international community has managed to cope with these episodes so far, said Camdessus, but will it be prepared for the next one?”. Thus IMF recognize the problems of liberalised financial markets. However, all proposed changes would take place within the liberal-monetarist ideals.

Tobin believes that capital movements can benefit the nations and the world economy as whole. However, trillions of dollars of currency transactions are speculations and arbitrages that seek to make profits on exchange rate fluctuations and interest rate differentials may have extremely negative consequences. His proposal stems from two basic motivations: to increase the weight of long-range fundamentals relative to immediate speculative opportunities in the eyes of market participants, and to allow greater autonomy to national monetary policy. Thus he has proposed a 0.5% tax on foreign exchange transactions that could be enough to “slow down speculative capital movements” while being “too small to deter commodity trade or serious international capital commitments” 

Even if there have been doubts on the possibilities of such tax, it is an important opening that can be developed further. If there is enough political will, proposals like Tobin tax could be important steps in the process of liberating economy from the aegis of speculative financial flows. This would be one step toward increasing the possibilities for the more autonomous economic policies and thus toward regaining economy to the service of the people.

Second point we must address here is the interesting and important co-existence of transnational elite formation and emergence of transnational non-governmental organizations or transnationalising networks of local NGO’s. Both processes are related to the changing role of the state as a political community. The policy options of states have become increasingly restricted and the possibilities of state as effective democratic political community have decreased 

Neoliberal restructuration has diminished state’s role as a regulative and redistributive entity. Now the primary task of states is to provide stability and competitiveness, and in more general terms to contribute to the improvement of “business climate” 

At the same time it is increasingly clear that the states structures are more responsive to the needs of global economy and its governance organs than to the social and political needs of their citizens. Thus, the locus of accountability has changed.

These changes, among other things, have brought the transnationalising NGO’s into the frontline of the contemplation of alternatives. Furthermore, they have become central agents of critical and possibly transformative activity. These NGO’s point at various problems that are perceived as marginal by the representatives of governance organs. If a ‘double movement’ is about to emerge, it is likely be, at least partially, a result of the action of these social movements. This is related to the Polanyis argument that a ‘market civilization’ was created whereas the counter-movement was more or less spontaneous, a reaction to the perceived problematic practices produced by this market civilization.

One important feature of these new political actors, as Bowles and Gintis (1986) express it,
is that they “have supplemented the politics of getting with the politics of becoming”\textsuperscript{64}. Now the central objective is not the redistribution of the pie. Instead, the objectives concern sustainable development (what ever it means), environment, protection of life and cultural forms, democracy and political rights, sexual rights etc. This does not mean that these groups are disinterested in economic and social justice. Rather, these NGO’s try to resist and redirect the discourses and practices that increase social, political, environmental and cultural degradation. The action against Bretton Woods organizations, transnational corporation, nuclear plants and neoliberal oriented transnational agreements like MAI represent this kind of action.

The campaigning for the renegotiation of NAFTA is part of this activity. Many Mexican NGO’s or social movements\textsuperscript{65} like RMALC have understood the importance of trans-/international cooperation of the social movements. According to Michel Foucault, the power is a complex process and that there can not be relations of power without resistance. However, this power takes place in multiple and even localised forms, whose interconnectedness can be organised into uniform strategic form and global strategies. For Foucault, the resistance [and thus the quest of alternatives] is as multiple as power and “It exists all the more by being in the same place as power; hence, like power, resistance can be integrated into global strategies”\textsuperscript{66}. Thus, it is important to transnationalise the activities of the progressive social movements. Furthermore, action and resistance should be organised at all levels, local, national, regional and transnational (global). Therefore, the contemplation of alternatives should not be limited to a single (geographical) context.

The role of social movements is important because they offer spaces (unlike formal political parties that are more or less trapped in the net of ‘necessities’ the state structures face today) for alternative contemplation. They contribute by offering new insights (often from the margins) that can be formulated into theories and alternative discourses. It is possible that there is no room for these contemplations immediately. Despite that when a alternative is formulated it becomes a possibility. In a suitable context and aided by a political moment, these contemplations can be turned into praxis.\textsuperscript{67}

Possibility of ‘another’ NAFTA and an alternative development strategy in Mexico

In principle, Mexico has four possible futures. First, a continuing membership of NAFTA. Second, along with NAFTA, Mexico becomes a part of Free Trade Area of the Americas

\textsuperscript{64} Bowles and Gintis 1986. Emphasis in the original.

\textsuperscript{65} Like Red Mexicana de Acción Frente al Libre Comercio (RMALC) that has co-operated actively with the Canadien, US and Latin American NGO’s and labour organizations, like Common Frontiers (Canada), Alliance for Responsible Trade, Sierra Club (USA) and Red Chilena sobre Medio Ambiente y Desarrollo (Chile), among others.

\textsuperscript{66} Foucault 1980, 142.

\textsuperscript{67} For example, Mexican social movements have been formulating ideas in transnational co-operation on the continental social agenda. See, RMALC 1994.
Discussion on the possible repetition of the events of 1930’s started well before the current financial turbulence. Even if the context is different, there are enough similarities that allow such speculation. Recently for example Celso Furtado remarked that the world is moving towards 1929 instead of 21st century. The positive effect of recession could be “a review of the reigning model of development, a shift in direction”. Cited in IPS, World is moving towards 1929, not 21st century’ (by Mario Osava), August

Therefore, at least for the moment it is essential to concentrate on the central problem of regionalisation: how to break the vicious circle of ‘locking in’ and to create room for a reformist ‘double movement’. A starting point could be that if global Keynesianism is not a (short term?) reality, national Keynesianism is curtailed by the globalisation and continuous fiscal crises, externally responsible regional Keynesianism may be the most likely solution. So far the NAFTA process has reflected interests of U.S. based transnational capital ‘from above’, and the question now is, can it be transformed into one of “from below”, an integration process that serves primarily the interests of our everyday life.

As we have already discussed, NAFTA seems to represent a ‘consolidative’ form of regionalism. For example, according to ex-president George Bush, NAFTA is a “New Economical Constitution” for that region. The Mexican Free Trade Action-Network (RMALC), interpreted this as follows: NAFTA


gives a legal framework and permanence for the subordination of the national necessities to the interests of big corporations, and to the neoliberal politics that have cost dearly to our peoples

From this recognition we must start our very speculative scenario on the possibilities to transform NAFTA towards such a framework that would allow alternative development path(s) in Mexico. Even if NAFTA is a ‘consolidating’ international agreement, it is socially constructed, and thus changeable ‘within the limits of possible’ and given a political moment for such move. I believe that there are at least three conditions for such a possibility to emerge.

1) Continuous contemplation on ‘another’ NAFTA. This requires deepening of the transnational co-operation of NGO’s and academics. This is a starting point. This requires constant public relations work in order to give people a chance to realize that there are alternative possibilities. If a political moment emerges, there should be viable alternatives to offer and a positive response from broad social sectors.

2) Deepening of the ongoing global financial crisis. The financial turmoil has proliferated from Asia and Russia to Latin America all the way to the stock market instability in the economically developed countries. If the financial crisis turns into recession in the

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68 La Otra Cara de México, marzo-abril 1991, 1

69 Discussion on the possible repetition of the events of 1930’s started well before the current financial turbulence. Even if the context is different, there are enough similarities that allow such speculation. Recently for example Celso Furtado remarked that the world is moving towards 1929 instead of 21st century. The positive effect of recession could be “a review of the reigning model of development, a shift in direction”. Cited in IPS, World is moving towards 1929, not 21st century’ (by Mario Osava), August
‘developed world’, and in our case to the United States, a possibility for a ‘discursive shift’ may occur. Given the fact that the United States is in the central position in North American political economy, the possibility for renegotiation can only emerge if the practices of dominant discourse affect the U.S. economy as well.

3) External example and influence. If the monetary union of European Union succeeds and improves her position in the global power relations, and EU continues with more social forms of market economy, there is a possibility that EU’s example could become more desirable. It is so especially in a situation in which the Anglo-Saxon model continues (as it probably will) to polarize socially those political economies where this model is applied.

Thus, it is obvious that the possibility for contextual change emerges from a set of very speculative options. However, we should remember that previous discursive and practical transformations have been based on combination of already existing alternative ideas (Smith, Marx, Keynes, von Hayek) and a economic and political conjuncture without which a contextual transformation would not have been possible. For example, Keynes once remarked that ideas of economists and political philosophers are powerful and guide the world. It may take twenty-five or thirty years for new ideas to turn into political practices, but eventually they do, for good and evil.70 Furthermore, social movement can produce such ideas as well.

This is of course highly speculative discussion on possible futures. However, were the present financial turmoil turn into a repression, there is a possibility that the capitalist economy is forced to ‘save’ itself from itself. The New Deal in the United States of the 1930's did not grow out from the compassion with the poor and excluded, but from the necessity to save the capitalist system through nationally implemented regulation and redistribution. Of course, today the situation is different. The world political competition between two modern growth ideologies has ended and there is no such unitary alternative belief system available. Thus, it is probable that the transnationalised elites do not find it necessary to support regulation and redistribution. However, this situation may change when enough people realize the nature of present order of things. Furthermore, the dominant discourse is not as solid as it was few years ago. Now it is again (mildly) acceptable to discuss on re-regulation (even within the dominant discourse). In the context of present financial crisis even Financial Times find it important enough to ask the question “From the triumph of global capitalism to its crisis in barely a decade?71”

Now were this scenario to become a reality, there could be a possibility that a present day New Deal could not take place within one national state but within a regional entity, North American political economy. As the interconnectedness of these three political economies deepens, such a scenario is not entirely out of the question.

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70 Keynes 1993 [1936], 383-384.
71 Financial Times, “Das Kapital revisited”, 1.9.1998. This article takes seriously the criticism of global capitalism, even if the conclusion is in line with the continuity: “Capitalism itself, warts and all, is still better than any alternative”.

How, then, should the NAFTA be changed? What would be the alternative to be promoted in a renegotiated regional settings?

As a general rule, NAFTA should be transformed from ‘commercial’ treaty to a political agreement. The politics of consolidation should be replaced by the politics of transformation. As Castañeda and Heredia (1992) have suggested, “there is no single model of formal economic integration”. However, they believe that NAFTA should be redirected from an agreement whose “conceptional premise is to leave free trade exclusively to the free market” towards an agreement resembles more European and Japanese models that are “less dynamic but more socially oriented and regulated”. Their suggestion for an alternative agreement would include:

“Compensatory financing [development bank and an adjustment fund to provide compensatory financing to Mexico and all poor areas of or groups of people in these countries], encourages industrial planning, and a common regulatory framework, confronts the issue of worker mobility, harmonizes upwards labor standards and rights, creates an environmental and consumer protection charter and institutes a broad multi-purpose dispute-resolution mechanism”

I believe that these general guidelines are as valid today as they were in 1992 when the article was published. However, their punctuation on [economic] development leaves open the question on local autonomy over the direction of local forms of development. Furthermore, it is important that a new NAFTA would include an ‘ethical code’ and regulatory framework for the capital movements and direct investment. Furthermore, even if their scheme implies ‘greater transfer of sovereignty to supranational entities’ they do not discuss the creation of post-national democratic community in North America. In this context the creation of democratic institutions and political spaces would probably be even more complicated than in the European Union. However, it is evident that a problem-solution mechanism is not enough were there a move from commercial treaty towards more political settings. Neither does it address more transnational questions we discussed before; without transformation within these transnational spaces regional solutions are insufficient.

Also Mexican social movements (coordinated by RMACL) have proposed an alternative development project: a plan for economic recuperation and sustainable development. Their plan is based on the notion that the problems of Mexican economy derive from the actual model of development and that there are realist alternatives. This requires redefinition of the role of state in Mexican economy. The state must be democratized and the accountability of civil servants in charge of the economic policies must be returned. The dynamics of stable and sustainable development rest on internal market, growing purchasing power, public

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72 Castañeda and Heredia 1992, 677 & 673-685.

73 Here we should not overestimate the sustainability of ‘localisation’ of economy of which for example Korten (1997) has discussed. However, it should be our goal to restrict and regulate (rethinking goals of development and redirect the process of globalisation) the capitalist modernisation and neoliberal globalisation. This would include, for example, the guarantee of autonomy of zapatista communities, financing their ‘own’ life projects (from regional funds) and land reforms. On the “sustainable popular development”, see Barkin (1997). A part of ‘contextualisation’ of development is also the experiments with local currencies (that do not disconnect from but complement ‘real’ monetary economy and add to the autonomous development) as TIANGIS-TLALOC project in México.
sector that would manage the project, and an exporting sector with high national content to promote dynamism. The plan does not promote traditional protectionism but neither does it believe in the ability of free market to produce sustainable development of Mexico. The international trade and commercial opening are not objectives, but a means in service of a national project of development.\textsuperscript{74}

This proposal involves important but partial openings and it rests too much on the national project of development. Rather, the context for alternative practices should be the region. In a regional context it is possible to create a regulatory network that would allow intraregional and interregional trade but also to promote particular ‘interests’ within national communities as well as within localities. Furthermore, in a regional context it could be easier to counter neoliberal trade liberalisation on behalf of more selective and sustainable balance between transborder trade and regulation.

It is important that Castañeda and Heredia conceive their initiative for ‘a new progressive North American social compact’ as an ‘example for the rest of Latin America’. This will be important question throughout the negotiations on the FTAA; will the possible FTAA be constructed as a continuation of present NAFTA and thus on ideals of socially polarizing Anglo-Saxon capitalism or on the socially and environmentally more sustainable model of market and material exchange (that is liberated from the dominance of finance). Within NAFTA and also within possible FTAA this question is foremostly about the weight given to economic growth and possessive individualism\textsuperscript{75} that are in the heart of dominant discourse. I believe that we need to rethink the notions of ‘development’ and ‘progress’ that have based on the continuous material improvement\textsuperscript{76} and which, as the whole capitalist market economy, rest presently on the growing [though unequally divided] consumerism.

Thus, a regional and/or continental social contract would rest on redistribution between individuals, groups and well as sub-regions and it should be satisfied with less economic growth. Thus the objective should be constructed on redistribution and slowing down the pace of the imperative of economic growth. This is important because we do not know definitely how much economic growth is ecologically sustainable. Growth would not be a determinant for continuity but a ‘right’ to be earned within the limits of ecology and social solidarity. Redistribution based on reformist ideals and such a degree of regulation that does not undermine individual initiative and democratic ideals should be the ‘best possible alternative’ to the imperative of modernization and catch-up logic based on economic growth.

What we have here is a complex process of gradual transformation that should proceed in international and transnational cooperation between localities, nations and regions. In general the goal should be the liberation of economic life from the domination of global

\textsuperscript{74}El Grupo Técnico de Análisis Económico de la RMALC.

\textsuperscript{75} Unger (1997) has proposed interesting possibilities to create such pluralistic forms of property control that would allow both decentralization and rotation of capital (rather that constant consolidation) as well as individual dynamism, innovation and reward.

\textsuperscript{76} As for example Dryzek (1996) believes, the capitalist economy is a ‘grow or die’ economy.
finance. This is possible within the context of market economy that is not ‘free’ but regulated and interregional trade whose ‘freedom’ is not restricted and rules created by the transnational corporations and transnational elite. The direction should be toward decentralization of economy rather that toward oligopolisation as currently is the case.

In order to give an appropriate political framework for regions, effort must be placed on the contemplation of new and continuously developing forms of democracy. Such an empowered democracy should be constructed on multilayered political participation, self-organization and self-determination within localities, nations and regions. This would also require democratization of the global governance organs and creation of new transnational political spaces that would protect the right of political self-organization and participation at the ‘levels’ that are closer to our everyday life. Regional entities that are rescued from ‘consolidative’ and ‘constitutive’ forms of regionalism could probably be the most appropriate contexts for such endeavour.

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