Understanding the Economic Implications & Constraints of U.S. Multilateral & Bilateral Free Trade Agreements by Analyzing NAFTA and the U.S.-Colombian FTA

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By providing over $24 billion in foreign assistance to 154 countries, the United States was the largest economic and humanitarian aid donor in the world in 2008 (Schaefer, 2006; Tarnoff & Lawson, 2009). By viewing the U.S. government through this lens, U.S. free trade agreements (FTA), like U.S. foreign aid, assist economically-weaker countries to develop while advancing specific U.S. foreign policy initiatives. By analyzing NAFTA's effects on Mexico's economic growth and the provisions of the signed U.S.-Colombian Free Trade Agreement, this paper demonstrates the inefficiencies and unintended consequences of multilateral and bilateral FTAs. The analysis concludes by suggesting an alternative approach to proactive and productive economic development: regional economic FTAs.

Introduction: The United States as an International Organization

Although this paper will focus mostly on U.S. trade policy and the economic implications and constraints of U.S. FTAs, key to the understanding of this argument is the ability to view the United States as an active and robust international organization. Perhaps the most poignant example of how the U.S. acts as an international aid group is evident in its massive and flexible foreign aid initiatives.

Cash transfers to foreign governments, small grants programs, infrastructure construction, and the passage of congressional appropriations bills for "State-Foreign Operations" are all variations of foreign aid that have served as powerful foreign policy tools for the U.S. government. In a post-September 11th world, this financial support has become a primary American weapon in combating the War on Terrorism (Tarnoff & Lawson, 2009; Schaefer, 2006). U.S. foreign aid has reconstructed Iraq and Afghanistan, has rewarded countries that have supported the United States and its anti-terrorism campaign, and even provided the financial foundation for the 2004 presidential initiative to fight HIV/AIDS in Africa by creating an economic development compact through the Millennium Challenge Corporation (Tarnoff & Lawson, 2009; Schaefer, 2006).

By providing over $24 billion in foreign assistance to 154 countries, the United States was the largest economic and humanitarian aid donor in the world in 2008 (Schaefer, 2006; Tarnoff & Lawson, 2009). By viewing the U.S. government through this lens, U.S. free trade agreements (FTA), like U.S. foreign aid, assist economically-weaker countries to develop while advancing specific U.S. foreign policy initiatives. By analyzing NAFTA's effects on Mexico's economic growth and the provisions of the signed U.S.-Colombian Free Trade Agreement, this paper demonstrates the inefficiencies and unintended consequences of multilateral and bilateral FTAs. The analysis concludes by suggesting an alternative approach to proactive and productive economic development: regional economic FTAs.

Numerous government agencies ranging from the Departments of State, Defense, and Treasury to USAID, the Peace Corps, the Trade and Development Agency (TDA), and the Overseas Private Investment Corporation (OPIC) jointly administer this substantial aid budget, execute U.S. foreign assistance programs, and advance American foreign policy interests throughout the world. Of particular interest to this paper is the U.S. Agency for International Development (USAID): the primary overseer of all U.S. bilateral development programs. USAID also coordinates disaster relief efforts, health initiatives, and democracy development projects abroad. Commanding more than $5 billion – over a quarter of the U.S. foreign aid budget – USAID is technically an independently acting agency. However, USAID remains under the purview of the Secretary of State and acts as the federal government's principal provider of international assistance (Tarnoff & Lawson, 2009). USAID's existence further strengthens the consideration of the U.S. government as the most prominent and powerful international organization on the planet.

The U.S. government has divided its foreign aid programs into five objectives, much in the style of international charity or NGO that provides diverse forms of relief. According to the State Department, these five aid categories (See Table 1 below) – Peace and Security; Investing in People; Governing Justly and Democratically; Economic Growth; and Humanitarian Assistance – are meant to "demonstrate the humanitarian nature of the U.S. people" as well as take the first steps to eradicate and prevent "underlying causes of political instability" that could potentially lead

Table 1. Bilateral State/USAID Assistance by Objective: FY2006-FY2008
(in millions of current dollars)

Aid Objectives and Program Areas	FY2006	FY2007	FY2008
Peace and Security	$6,817.1	$8,684.6	$7,480.3
Counter-Terrorism	$157.0	$242.1	$178.5
Combating WMD	$229.9	$228.0	$247.8
Stabilization/Security Sector Reform	$5,178.0	$6,668.6	$5,579.5
Counter-narcotics	$1,007.1	$1,148.1	$1,125.1
Transnational Crime	$60.2	$51.2	$73.2
Conflict Mitigation	$184.8	$346.6	$276.4
Investing in People	$4,957.4	$6,659.4	$8,522.7
Health	$2,595.2	$5,705.1	$7,277.2
Education	$689.8	$754.5	$928.4
Social Services/Protection of Vulnerable	$136.9	$199.7	$317.0
Governing Justly & Democratically	$1,233.2	$2,141.3	$2,260.4
Rule of Law & Human Rights	$301.1	$532.0	$606.1
Good Governance	$354.2	$763.2	$818.9
Political Competition	$197.3	$305.4	$288.7
Civil Society	$380.6	$540.8	$546.8
Economic Growth	$2,826.2	$3,212.2	$2,920.6
Macroeconomic Growth	$409.1	$591.5	$330.5
Trade & Investment	$408.7	$331.6	$210.9
Financial Sector	$277.2	$176.8	$190.8
Infrastructure	$414.9	$723.9	$850.4
Agriculture	$562.0	$538.1	$487.7
Private Sector Competitiveness	$350.5	$385.4	$358.3
Economic Opportunity	$111.6	$127.0	$167.9
Environment	$292.1	$337.8	$324.0
Humanitarian Assistance	$1,808.4	$3,097.4	$3,157.8
Protection, Assistance & Solutions	$1,664.1	$2,963.7	$3,025.5
Disaster Readiness	$74.8	$78.2	$74.5
Migration Management	$69.6	$55.5	$57.7

Source: USAID and Department of State budget documents.

Notes: Figures include Iraq funding and supplementals, with exception of FY2008 3rd supplemental appropriation (P.L. 110-329) of $465 million in ESF.

to the development of terrorist organizations or other threats to the national security of the United States (Tarnoff & Lawson, 2009).

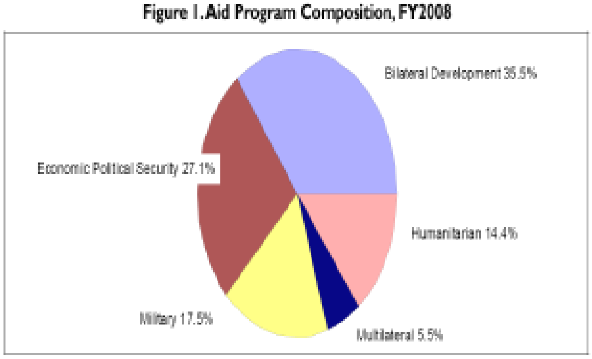
U.S. Government's Increased Support of Bilateral & Multilateral Economic Development

Similar to the State Department's breakdown, Congress has developed its own five-pronged approach to foreign giving (See Figure 1 below). Under the congressional model, trade agreements, like NAFTA, and the macroeconomic sectors of "Economic Development" that pertain to this paper receive $10.3 billion of the total foreign aid budget. In other words, this is a 25 percentage point increase from the State Department's foreign aid appropriations of $2.9 billion (Tarnoff & Lawson, 2009). This distinction is significant because it demonstrates Congress' increased focus on developing bilateral assistance programs. Additionally, this figure greatly contrasts the mere $1.6 billion allotted for multilateral aid assistance. However, the combined funding for development-based aid has grown from 38% to 55% in the last twenty years – demonstrating a serious commitment to foreign nations that can be viewed as generous American investment abroad as well as serious policy influence in global affairs (Tarnoff & Lawson, 2009; Schaefer, 2006).

As illustrated in Figures 3 and 4, the U.S. allocates aid to nations whose interests and priorities correspond to those of the US at a given time. In Figure 3, the year 1998 shows a continued support for formerly soviet republics and the nations involved in the Middle East peace process. The year 2008 reflects the impact of the Wars in Iraq and Afghanistan and closer negotiations with the countries supporting the US-led War on Terror (Tarnoff & Lawson, 2009).

Both fiscal graphs express the continued commitment of U.S. foreign aid to Latin America. Although the regional aid allotment for the Central and South American has increased only slightly, from 8.2% to 10.8%, the graph signals the United States' concerted elevation of Colombia as one of the top 15 nations in line for increased comprehensive economic development and policy partnership – a key development that will be investigated later in the paper.

Figure 1.Aid Program Composition, FY2008



Source: U.S. Department of State, Summary and Highlights, International Affairs, Function 150, FY2009, House and Senate Appropriations Committees, and CRS calculations.

Creating NAFTA & Solving the Mexican Economic Crisis

In 1994, the U.S., Canada, and Mexico created one of the largest free trade zones in the world which connects over 444 million people in a $17 trillion economy (Hufbauer & Schott, 2005; White, 2007). The North American Free Trade Agreement was initially a US-Mexico initiative through which the United States sought to repair its troubled political relationship with its southern neighbor while capitalizing on the growing export market to Mexico (Hufbauer & Schott, 2005). In addition to dealing with declining standards of living, corrupt political institutions, and a slow recovery from the 1982 debt crisis, Mexico overcame its three-digit inflation and sluggish economy by jump-starting the market mechanisms through the importation of goods and competition (Philip, 2008; Hufbauer & Schott, 2005; White, 2007).

In Article 102, the U.S., Canada, and Mexico set five objectives they hoped to achieve through NAFTA: 1) promote increased regional trade and investment; 2) increase employment and improve working conditions and living standards in each country; 3) provide a framework for the conduct of trilateral trade relations and for the management of disputes; 4) strengthen and enforce environmental laws and basic workers' rights; and 5) work together to promote "further trilateral, regional, and multilateral cooperation to expand and enhance the benefits of this Agreement"(Hufbauer & Schott, 2005). Although Hufbauer & Schott (2005) explain that the NAFTA goals could not develop through a free trade agreement alone, today Mexico touts macroeconomic stability like never before in its history and is one of the richest countries in all of Latin America (Philip, 2008).

NAFTA by the Numbers: Successes in Mexico & the U.S. Attributed to the FTA

NAFTA's elimination of tariffs and investment barriers tripled the U.S. trade in goods and services with Canada and Mexico over the last 14 years (Pastor 2008). Not only do experts like Hufbauer & Schott (2005) credit NAFTA for actually increasing trade from $297 billion to $930 billion during the period of 1993 to 2007, but they recognize that the free trade agreement led to a tenfold surge in foreign direct investment (FDI) in a formerly stagnant Mexican economy (Pastor 2008; NAFTA Facts, 2008). Today, U.S. merchandise exports to Mexico have increased by 166% while U.S. imports from Mexico have gone up 227% (Hufbauer & Schott, 2005). These figures place Mexico's exports at more than double of Brazil's. Due to NAFTA, 25% of Mexico's GDP derives from the export of manufactured goods to the US. Furthermore, Mexican inflation has settled into the single digits and a domestic credit market was developed. Philip (2008) even cites the improved, though still less than ideal, education system and a functioning democracy as byproducts of NAFTA's rigorous capitalistic framework. Through a plethora of press releases, fact check documents, and lists of achievements, the Office of the United States Trade Representative presents a series of successes that it directly attributes the institution of NAFTA. The following are economic outcomes in Mexico that the U.S. government indicates as directly tied to NAFTA's implementation:

• Contrary to the fears of its political and labor opponents, NAFTA has seen the creation of 26.8 million jobs, raising U.S. employment to 24 percent and maintaining the unemployment rate at an average of 5.1% during the last 14 years as compared to 7.1% average during the 14 year period preceding NAFTA's inception (NAFTA Facts, 2008).

• NAFTA dismantled Mexico's high MFN tariffs, easing agricultural trade and turning Mexico into the top export destination for beef, rice, soybean meal, corn sweeteners, apples and dry edible bean exports. It is the second export market for U.S. corn, soybeans and oils, and third largest for pork, poultry, eggs, and cotton. United States agricultural imports from Mexico increased by $5.6 billion during since1993, a growth of 8% that comfortably balances with U.S. agricultural exports to Mexico that have increased by $5.7 billion in the last 14 years (NAFTA Facts, 2008; Trade Facts, 2006).

• After the 1994 peso crisis, wages returned to pre-crisis levels in 1997 and have increased annually. (NAFTA Facts, 2008).

• Provisions in NAFTA have financed $1 billion for 135 environmental infrastructure projects that provide a clean and healthy environment for residents along the U.S.-Mexico border (NAFTA Facts, 2008).

• The Mexican government has invested in environmental protection, increasing the federal budget for the environmental sector by 81% between 2003 and 2008 (NAFTA Facts, 2008).

A Conflict of Interest: U.S. Transparency in Reporting NAFTA's Outcomes

Although it is true that the GDP of the U.S., Mexico, and Canada has grown by 48%, 40%, and 49% respectively after NAFTA's creation, the U.S. government presents only glowing assessments of this very controversial economic agreement (Trade Facts, 2006). All reports, press releases, and fact sheets released by the Office of the United States Trade Representative in the last decade feature titles like "NAFTA: Good for Farmers, Good For America" or "NAFTA at 10: A Success Story. " The only negative reporting on NAFTA provided by the executive branch concerns the initiation of disputes with either Mexico or Canada for monopolistic industry practices seen in those nations or alleged breaches of the NAFTA agreement by the Mexican and Canadian governments. The Trade Representative's office also refers to any and all criticisms of NAFTA as "myths" (North American Free Trade Agreement (NAFTA), 2009).
This unequivocal praise of NAFTA sharply contrasts and completely ignores the allegations of inefficiency, labor rights violations, environmental concerns, or even the purportedly inconsistent Chapter 11 dispute code. In addition to the Office of the Trade Representative demonstrates a lack of transparency by providing no assessment of NAFTA from outside evaluators. By citing statistics and facts compiled by USAID – an agency previously determined to be under the purview of the State Department – the U.S. government bases its evaluations of the FTA with Mexico and Canada on limited and biased data.

NAFTA's Alleged Inefficiencies & Detrimental Repercussions in Mexico

Numerous inefficiencies and problems with the North American Free Trade Agreement have been articulated by it critics. Apart from citing that trade during the last eight years has declined to less than half of the trade between the U.S. and Mexico during the Clinton years, Pastor (2008) asserts that public support for NAFTA has also declined in all three participating nations. This "Bad Neighbor Policy" has increased wait times for transported goods, causing severe losses of revenue, an increased probability of damaged or spoiled goods, and a lack of funds to rebuild necessary infrastructure for efficient trade (Pastor 2008). A stark example of the inefficiency experienced in transporting goods is evident through the truck life-cycle of Mexican products. Although the NAFTA agreement states that Mexican trucks should enjoy free passage into the U.S., once a Mexican trucker reaches the U.S. border, his produce or goods are loaded into a warehouse from which a second truck picks up the shipment. This second carrier then drives to an American warehouse, unloads the produce or goods, and finally a third authorized American transport vehicle loads up the products for their official passage into the U.S. (Pastor 2008). Apart from increased wait time at borders due to the trucking policy enforced by U.S. government, the strict and time-consuming "rules of origin" provisions are usually bypassed by Mexican truckers on a strict delivery schedule who, in order to save time, pay a standard trade tariff that NAFTA was created to initially eliminate (Pastor 2008).

The NAFTA's human cost in Mexico is one of the most severe impacts incurred. The FTA forces non-subsidized Mexican corn farmers to compete with U.S. government-subsidized corn producers (Bacon 2008). By dismantling customs barriers and deeming price supports as violations of the trade deal, NAFTA has increased agricultural exports from large U.S. corporations into Mexico at an annual rate of 9.4%. This increase has both disrupted any hope for viable competition between Mexican and American agricultural products and the disparity is displacing Mexican farming families by putting them out of work, driving them into poverty, and by spurring these mostly undocumented migrants to enter the U.S. illegally and flood the American labor pool (Bacon 2008; Hufbauer & Schott, 2005).

NAFTA has also expanded the Mexican economy's dependence and the American economy's addiction to maquiladoras or assembly factories for U.S. companies where labor is cheap and from which U.S. companies can export assembled goods back into the home country without having to pay a trade tariff (Deere & Esty, 2002; Clapp & Princen, 2003). Apart from the massive amount of wasted generated at these plants and, according to NAFTA provisions, transported back to the country of origin, maquiladoras have furthered environmental pollution and hazards (Deere & Esty, 2002; Dworetzky 1992; Clapp & Princen, 2003). The Mexican population's dependence on these low-paying plant-jobs drove more migrants northward in search for work at or near the border after NAFTA's institution (Clapp & Princen, 2003; Bacon 2008). Sadly, due to the last two U.S. recessions in 2001 and 2008, many workers lost their jobs and added to the already skyrocketing immigration of undocumented Latin American workers into the United States (Clapp & Princen, 2003; Bacon 2008).

By taking into account a decline in purchasing to power as well as the escalating rate of poverty in Mexico, NAFTA produced numerous unintended, detrimental effects that provide a stark contrast to the purely positive assessment of the key aid and trade agencies of the U.S. government.

Explaining the Disparity in NAFTA's Assessment: Sen's Reasoning

For Bacon (2008), Pastor (2008) and labor rights advocates, the forced interconnectedness of the U.S. and Mexican economies through NAFTA has had a much more harmful effect than the positive statistics of growth and prosperity touted by the Office of the U.S. Trade Representative (Parks, 2008). If the objectives of NAFTA and its signatories were the creation of jobs, the encouragement of trade, the elimination of protectionism, and the promotion of economic development, why has this capitalistic venture not worked for Mexico?

Nobel Prize winner in Economics Amartya Sen (1999) recognizes the power of the "market mechanism" as a tool that can maximize the capabilities of individuals by expanding the income, wealth, and economic opportunities that people have. Sen (1999) asserts that since there is some social loss involved in denying people the right to interact economically, no restrictions that infringe freedom or capabilities should exist. Therefore NAFTA's goal of reducing tariffs and protectionism barriers aligns directly with Sen's conception of freedom provided through the market mechanism. Sen's (1999) theories also would have foreseen the incongruity of the American and Mexican benefits through NAFTA because of his belief that "no one's utility or substantive freedom can be enhanced without cutting into the freedom or utility of someone else." Therefore, for Sen, the struggles of the Mexican people under NAFTA are normal growing pains. One major mistake that Sen indicates as formula for failure through the constraint of capabilities is the creation of bilateral market mechanisms proposals with narrowly focused economic mission, like NAFTA. By developing a "comprehensive development framework" that follows a "many-sided" or multilateral approach, Sen (1999) explains that markets will function much better because of the balance of political and social input. Therefore, although NAFTA has reaped positive and negative outcomes, its multilateral nature is more secure and much broader in scope and potential than the U.S.' seventeen ratified bilateral FTAs and its three pending bilateral free trade agreements with Colombia, Panama, and Korea. (Sen, 1999; Free Trade Agreements, 2009)

Proposed Colombian Free Trade Agreement (2006)

On November 22, 2006, President George W. Bush and Colombian President Alvaro Uribe signed the United States-Colombia Trade Promotion Agreement, commonly referred to as the U.S.-Colombia Free Trade Agreement (Roberts, 2008, Colombia FTA, 2009; Villarreal, 2009). Primarily based on the NAFTA model, this "comprehensive free trade deal" would promote economic growth for the United States' fourth largest trading partner in Latin America in addition to having strategic foreign policy implications (Colombia FTA, 2009; Villarreal, 2009). Key provisions of the agreement are summarized below:

• Currently 90% of U.S. imports from Colombia enter the U.S. duty free while only 20% of US exports have the same access to the Colombian market. The CFTA would level the playing field through a phased dismantling of all Colombian tariffs on agricultural, industrial, information technology, and textile products. Apart from beginning with the removal of 80% of tariffs on U.S. exports, this economic development program would provide American firms exclusive access to Colombian goods and services, would protect investors, would establish stronger labor and environmental standards, and would advocate intellectual property rights (Roberts, 2008; Villarreal, 2009; Colombia

FTA, 2009).

• The CFTA recognizes internationally respected labor rights and laws including acceptable work hours, working conditions, health and safety standards, intolerance of child labor, and the protection of migrant workers' rights (Villarreal, 2009; Colombia FTA, 2009).

• In addition to the CFTA's bolstered environmental standards, the U.S. and Colombia have agreed to ensure fair and transparent methods of enforcement to protect natural resources (Villarreal, 2009; Colombia FTA, 2009).

• Dispute settlement procedures under the CFTA rely more heavily on cooperation and consultations to efficiently and ethically resolve trade agreement violations (Villarreal, 2009; Colombia FTA, 2009).

The CFTA's Perceived Outcomes & Economic Impact for Colombia

Although the US is Colombia's most lucrative partner in trade, Colombia accounts for merely 1.2% of the U.S. economy. Therefore, the passage of the U.S.-Colombia FTA would have a minimal effect on the U.S. market system (Villarreal, 2009; Colombia FTA, 2009). The U.S. International Trade Commission (USITC) evaluated the potential impact of the CFTA and concluded that U.S. exports to Colombia would increase by 13.7% or over $1 billion while U.S. imports would increase by only 5.5% or $487 million. Although low welfare benefits and the displacement of low-skilled workers were also determined as potential outcomes of this bilateral trade deal, the greatest perceived threat of the CFTA articulated in the federal government's report is the possibility of regional trade diversion that could isolate Colombia and cut off its cheaper imports from other Latin American neighbors (Villarreal, 2009).

Opposition to the U.S.-Colombia FTA

The Bush Administration's advocacy of the Colombia Free Trade Agreement hinged on its understanding of this trade treaty as a key to both economic growth for a developing ally and national security initiatives (Roberts, 2008). Regardless of this defense, labor groups like the AFL-CIO, left-leaning Latin American governments including Venezuela and Ecuador, and the Democratically-led U.S. Congress have all blocked the ratification of the US-Colombia FTA through allegations of the Colombian government's history of violence against trade union leaders, the persistent – though strikingly reduced – guerilla warfare in the country, and allegations of extrajudicial killings sanctioned, or at least permitted, by the federal government (Roberts, 2008; Duncan, 2007; Colombian Free Trade Agreement, 2009). In addition to claiming Colombia's history of violence and human rights violations, critics of the CFTA cite Colombia's violation of the International Labor Organization labor standards by not providing adequate laws against child labor, ignoring workplace safety standards, and having no solutions to deal with internally displaced persons (IDPs) – the victims of decades of guerrilla warfare (Roberts, 2008; Griswold & Hidalgo, 2008; Duncan, 2007; Colombian Free Trade Agreement, 2009). Finally, anti-FTA voices assert that Colombian farmers will become displaced workers much like low-wage Mexican farmers in Mexico. This in turn will allow only the wealthy landowners in the countryside, usually paramilitary supporters or drug lords, to prosper from the new free trade agreement (Roberts, 2008; Griswold & Hidalgo, 2008; Duncan, 2007; Colombian Free Trade Agreement, 2009). Therefore, in the eyes of its opponents, the U.S.-Colombian FTA is not only an unwise and unethical economic program for the U.S. to launch with a country with an allegedly appalling labor and human rights record, but also it will further export jobs away from Americans who are suffering during this difficult time of recession and an unstable American economy. (Duncan, 2007; Roberts, 2008; Colombian Free Trade Agreement, 2009; Griswold & Hidalgo, 2008).

Conclusions: Should Congress Ratify the U.S.-Colombia FTA?

First, the difficulty that arises when discussing American foreign trade policy is that these international, multilateral, or bilateral agreements are linked inevitably to political persuasions and foreign policy objectives. If proactive trade policies cannot be divorced from politics, presidential goals, or State Department objectives, then it is logical that the Democratic majority in Congress should think twice about voting down the U.S.-Colombian Free Trade Agreement. By appeasing labor activists in the short-term without considering the long-term political implications of losing a key ally in a region where the US has fewer and fewer friends, Congress will ultimately reject a deal that benefits the American economy more. Although the Colombia FTA will only increase the United States GDP by $2.5 billion or 0.05%, no amount of growth is meaningless in the broken economy the U.S finds itself in today. Furthermore, this partnership with Colombia can underscore the United States' genuine interest in enabling economic development in South America in an age where the majority of Latin American governments have abandoned the "Washington Consensus" of economic growth through liberalization (Fandl 2007). Opponents may point to the United States International Trade Commission's (USITC) report predicting that the CFTA will increase exports to Colombia by 16% ($8 billion) and imports by 5% ($10 billion) every year. Nevertheless, individuals who are truly concerned about fostering fair economic playing fields for American industry and the American worker should comprehend why the ratification of the Colombia FTA is an easy choice. Since the U.S. already allows Colombian exports to enter the U.S. duty free, why should the U.S. continue to pay tariffs? Congress is compromising the credibility of the United States with our trade partners by allowing partisan politics and the short-term pacification of one interest group to blockade an allied nation's economic development (Colombia FTA, 2009; Smith & Ryan, 2008; McCarter, 2008; James, 2008).

Secondly, it is crucial to hear the voices of labor unions because they represent the workers on the ground that organize and advocate the needs of the frontline of the world economy. Listening to unions suggests that voices of all union members should be heard, even those Colombian union members who are fighting for the passage of the FTA in Bogota and Washington, D.C. (James, 2008; Griswold & Hidalgo, 2008). If the killings and persecutions of union members have prevented the launch of this economic development program, then the anti-union and anti-labor forces have won because their intimidation tactics have paralyzed our actions. Even though the AFL-CIO commonly rejects any U.S. foreign trade deal, what better way is there to strengthen a growing democracy and economy than to build it with the tools of free trade and competition (James, 2008; Griswold & Hidalgo, 2008)?

Thirdly, regardless of its violent and corrupt political past, Colombia has proven its worth as a proponent of democracy and a supporter of equality, security, free trade, and justice. From the inception of Plan Colombia – the counterinsurgency collaboration between the U.S. and Colombian troops that has curtailed drug trafficking and resulted in the successful retaking of territories formerly under the control of guerilla forces – to President Uribe's demonstrated desire for peace and the end of an unceasing civil war, Colombia is trustworthy enough to begin an economic partnership with its largest trading counterpart (McCarter, 2008; James, 2008; Griswold & Hidalgo, 2008).

Is Bilateral Economic Development the Best Approach?

The U.S. proclivity for bilateral free trade agreements is evident in the 17 FTAs Congress has ratified in the last twenty years and the three pending agreements with Colombia, Panama, and South Korea. Although these two-way FTAs diminish or completely dismantle trade barriers like tariffs or quotas on exports, these cost-saving trade accords prove to be double-edged economic swords. Frequently, bilateral FTAs couple tailored benefits with difficult concessions assumed by the weaker nation in the pact, as evidenced through then NAFTA and CFTA analyses. Even though multilateral negotiations would help prevent the vulnerability of weaker trade signatories, the US is pursuing bilateral trade agreements because of their practicality and efficiency as compared to previous attempts at creating multilateral economic development programs.

Although Sen (1999) promotes multilateral negotiations as a tactic to maximize capabilities, Fandl (2007) notes that the debacle of the Free Trade Area of the Americas (FTAA) is proof of the complexity of pursuing multilateral FTAs, or at least multilateral pacts that dare to unite an entire hemisphere. From 1998 to 2005, the FTAA became the next logical step after NAFTA for North and South American countries to create one enormous free trade bloc. Although the economic integration of 34 nations and 800 million people seemed ideal, the negotiation process broke down after only five of the 34 nations articulated their preference for independence from the region. Additionally, Washington's refusal to withdraw $20 billion worth of protectionist farm subsides further disheartened the 34 nations at the final round of the FTAA talks in Argentina.

Amidst the failure of the multination FTAA proposal, the U.S. decided to galvanize the nations who wished to construct country-specific economic partnerships in order reap at least some of the envisioned economic benefits discussed during the FTAA rounds. Thus, the United States decided to utilize "disjointed incrementalism" through bilateral free trade agreements as the means by which to affirm its economic strength in the Western hemisphere and achieve its foreign policy objectives of regional economic stability (Fandl 2007).

As deduced from a review of the provisions and outcomes of NAFTA and the drafted version of the Colombian Free Trade Agreement, bilateral FTAs are very imperfect deals because they force greater concessions from developing or weaker nations in exchange for long-term economic security. Although NAFTA offers an example of a three-sided trade deal, it is still producing discouraging results parallel to its economic miracles of booming trade.

Therefore, bilateral free trade agreements can serve as necessary evils for weaker economies that are entering a trade partnership, but they at least offer assurances that prosperity and security are arriving down the pipeline of economic development.

Perhaps, the broad multilateral approach will one day be attainable, but this possibility relies on dramatic ideological shifts to suddenly occur across numerous Latin American governments. On the other hand, if bilateral agreements provide less than perfect results for participating nations, then a third option would take into account the lack of concensus present in a hemisphere-wide initiative and the need to disperse power and influence amongst the various invested members. This alternative FTA framework could unite all of South America, all of Central America, or even the Caribbean into regional, multilateral trade blocs. Through this balance of input and influence, these regional FTAs will consider the particularization of a geographic sector and its needs without fearing an advantageous power-play over a weakly positioned nation. Additionally, by spreading responsibility and including many voices in the planning stages of economic development, this new FTA will enable Sen's (1999) maximization of capabilities without overlooking region-unique trade issues, equitable economic growth, and development assistance (Fandl 2007).

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