

The ALBA Alliance and the construction of a new Latin American regionalism

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Foreword:

Before starting, I would first like to thank Stephen Wilkinson and London Metropolitan University, as well as all particularly those participating in this conference on the importance of the ALBA and the future of regional integration, for their dedication in studying this proposal from Venezuelan President Hugo Chavez with its strong social and humanitarian aspects and its basis in solidarity, cooperation, complementarity and mutual assistance amongst the poor countries in the region. A proposal to build a new model of regional integration with a new pattern of production and trade relations in order to improve growth levels and move towards the idea of "Buen Vivir", as Chavez has called it. Special thanks to Asa Cusack, the reader of this paper, who has the hard task of reporting your comments and feedback, which will no doubt go on to enrich this research.

This work aims to discuss the ALBA Alliances in three sections; the first explores the interest of Venezuelan academics in this topic given a remarkable level of opposition to the study and recognition of this initiative. In the second part, the features of open regionalism are considered in order to frame the ALBA as a new regional strategy in Latin America. The third and final segment focuses on the nature and internal characteristics of the ALBA Alliance as a new inclusive and participatory strategy based on fair trade.

1. ALBA on the Venezuelan academic stage

Unfortunately, in the Venezuelan academy this issue has not been explored in depth; instead, most scholars on integration issues have worked in public forums to criticize the ALBA, arguing initially that it was not really a regional economic strategy as it failed to fulfil the steps necessary to traditional trade models, even where "backstage" academics recognized the worth of ALBA's objectives. Time has shown that it is indeed possible to lay a new path for integration, taking into account culture, incorporating the demands and needs of people as a

primary interest in commercial exchange, making public policies the main tools with which to approach resources within a context of respect for both the environment and for labour.

Then, academics came to assume that ALBA would last while the Chavez government and other progressive governments in the region provided support, denying the advance and progress of a wider new socio-cultural strategy based on solidarity and cooperation rather than economic benefit. In fact, in Venezuela, for the first time in the country's democratic history, the agenda of the State, government and the ruling party, foregrounded common goals for the construction of a new, more social, more human democracy. This is reflected in the objectives and strategies of the National Plan (known as the "Simon Bolivar Plan" between 2001 and 2007 and as the "Socialist Plan" 2007-2013) that has guided the nation's domestic and foreign policy (renamed as national and international geopolitics). In the Chavez government's management of public policy, the focus is on the interests of the most helpless and the organization of members of the ruling PSUV through communal power, converging in the construction of what has been called Socialism of the XXI Century.

More recently, most Venezuelan experts on integration report that the ALBA has become an important topic to explore as a new type of regionalism, but from the standpoint of a threat to the interests of the United States in the region. Between 2007 and 2009, the number of ALBA member-states has rose from 3 to 9, including Ecuador and Honduras, thus transforming itself into a real threat to the United States, triggering various important events between 2007 and 2010: ALBA member-states saw their democracies worn down by the disruptive tactics of the US. During 2007-2008 Bolivia was affected by the intrusion of the US in the secession of parts of its territory, particularly those provinces opposed to Evo Morales. In 2008, Ecuador was a victim of attack on its sovereignty by Colombia, with the technological and military support of the United States and Israel.

Later, in 2009, President Zelaya of Honduras, was the victim of a coup d'état, being deposed in trying to reform the constitution of his country. More recently, Porfirio Lobo has implemented reforms benefitting the interests of the United States. Subsequently, the military handling of the tragedy in Haiti (an ALBA observer state) by the USA established conditions for the return of the dictator Duvalier. The latent risk of a military coup in Ecuador, and the role of civil opposition groups supported by the US government in Bolivia, Venezuela and Nicaragua confirms the importance of ALBA in the region. ALBA countries have consolidated an alliance in political, economic, and socio-cultural ways that are reflected in the strong solidarity among member-states evident in policy statements, and it is this which makes them the target of attacks from the United States. For that

reason ALBA countries have taken advantage of many platforms to raise their voices in protest, these protests receive much attention through UNASUR, for example.

As can be seen, this change of opinion among Venezuelan academics opposed to the ALBA reveals the role of the country's autonomous universities in not contributing to the development of this regional alliance, or even to a discussion about the possibility. This is to forget how the model of domination in Latin America has disrespected tradition aspects of our peoples and denied any possibility of building a new model based on their own agenda, endogenous and liberating.

1. The new Latin American regionalism

During the 1990s, the Latin American version of open regionalism was articulated by ECLAC (1993), promoting diverse commercial strategies such as the creation of free trade areas, moving on to customs unions based on external openness and insertion into international markets. The impetus for this regionalism came from the adoption of neoliberal programs in most countries of the region. This new open regionalism departs from the objective of autonomous regionalism through growth, intending to reduce dependence in the region by opening it up to the international market.

Within this 1990s context of globalization there was a revival of sub-regional integration processes in Latin America, examples being the Central American Common Market (MCC), the Caribbean Community (CARICOM), and the Andean Community (CAN) in 1996. The North American Free Trade Agreement (NAFTA) emerged in 1991, stemming from the 1965 signing of a pact between Canada and the United States, the Southern Common Market (MERCOSUR) was created in 1991 with the Treaty of Asuncion, the Group of Three (G-3: Mexico, Colombia and Venezuela) in 1994, and finally the US-led plan for the establishment of a hemispheric Free Trade Area of the Americas (FTAA).

However, the neoliberal economic model applied in the region put aside state intervention, as well as hindering the possibility of consolidation of domestic markets and the development of individual strategies, even if ECLAC reports that between 1960 and 1990 most of the countries of the region managed to raise their GDP growth rates from about 5.1% to about 6% within schemes designed to protect local production via ISI. The results of regional economic integration on neoliberal terms were quite limited in terms of their benefits to society, social groups being dissatisfied not only in economic terms, but also politically and socially.

At the end of 1990s, a series of political, economic and social changes came about in Latin America. In Venezuela, Brazil, Argentina, Uruguay, Bolivia, Ecuador, Nicaragua and more recently Paraguay, progressive governments took power by democracy means, responding to the resurgence of social movements opposed to the imposition of the economic and development policies implemented during the 1990s. The dissatisfaction generated amongst certain sectors of society by the lack of benefits from regional economic integration affected the consolidation of hemispheric agreements such as the FTAA and the commitment of sub-regional integration blocks to search for a new development scenario that would 1.) reduce not only inequality but also social exclusion, 2.) promote regional equality through the use of their own productive, technological, and innovative capacities to address the real problems afflicting the region (Linares, 2006).

The resurgence and proliferation of regional blocs with the characteristics described above facilitated the establishment of a new strategic regionalism in South America during the decade of 2000. In 2001 the Bolivarian Alternative for the Americas and the Caribbean (ALBA) emerged as a counterpoint to the FTAA, to which the Venezuelan government was fiercely opposed, whilst the establishment of the South American Community of Nations (CSN) with the Cusco Declaration of 2004 – becoming the Union of South American Nations (UNASUR) in 2008 – further reinforced this change.

At this stage of Latin American integration, the Chavez administration was committed to the ALBA proposal announced by the president in 2001 as a way of building a more cohesive form of integration through cooperation and complementarity. The proposal began to gain strength after the Cuban government supported it in 2005 with the signing of the Declaration of Havana. In subsequent years it has evolved from an idea to a reality, becoming a regional initiative outside the traditional schemes and classical theories of international trade, driven by energy resources and giving priority to political, social and cultural rights, and strengthening the social economy in order to make use of local productive capacities.

The successive stages of economic integration, in the context of the neoclassical theory of international trade, were systematized by Bela Balassa (1962), who posited five stages and key features:

- 1) Preferential Trade Agreements (Reduced tariffs),
- 2) Establishment of a Free Trade Area (elimination of tariffs between commercial blocs);
- 3) Customs Union (common tariffs),
- 4) Common Market (free movement of factors of production within the area) and

5) Economic Union (Coordination of macroeconomic policies and currency).

Regional initiatives in Latin America have at best and with difficulty the third stage. Examining the ALBA within this schema, it is easy to arrive at the conclusion that the Bolivarian Alliance does not fit any of the stages described by classical economic theory.

ALBA IN THE CONTEXT OF NEW REGIONALISM

Since 2001, ALBA has responded to the new political dynamics of the region, in progressive leaders such as Hugo Chavez, Fidel Castro, Evo Morales, Daniel Ortega and Rafael Correa have achieved greater prominence and leadership in building a new politics of the state, where national government and foreign policy are reflected in the defense of national and regional autonomy from the advance of U.S. hegemony in Latin America.

The ALBA emerged naturally with its own internal characteristics and historico-philosophical imaginary. The main feature of note is the political nature of ALBA, which is based on a new vision of how to tackle the problematic economic relations between the countries of the region. The ALBA constructs a different form of trade integration, ensuring productive complementarities from natural-resource advantages without disregard for ecological sustainability, and promoting solidarity and mutual help among people, which translates as a break from classical views of economic integration and international cooperation.

It is imperative to identify what kind of regional strategy for trade integration the ALBA represents, and to ask if it fits into the context of the new wave of Latin American regionalism. The ALBA has been since its birth in the early 2000s an innovative politico-strategic project of the Venezuelan government against US hegemony in the region. Since 2001, the Venezuelan government's discourse has chimed with the strengthening of anti-globalization social movements saying "No to the FTAA" and this regional initiative attracted the support of organized social groups, in particular during the Quebec Summit, when the Chavez delegation publicly expressed their opposition to the hegemonic hemispheric trade policy of the United States and signed only with reservations the summit's Final Declaration.

Venezuela justified this posture in light of the deepening structural problems in the region resulting from neoliberal policies of deregulation and market opening, the reduced role of the state, and the privatization of public services, all of which further weakened economic growth in Latin America while leading to the deterioration of productive capacity, salaries and working conditions, increased unemployment, reduced social

security, and marginalization, amongst other problems. With the launch of the ALBA, Venezuela promoted debate on plural and participatory democracy and, in various multilateral forums, restated the risks posed to good governance, stability, and state security by a continued failure to resolve structural, cyclical problems in the region and by a lack of participation of social groups in the development of public policy (Blanco and Linares, 2008).

The Chavez administration brought the ALBA project to various forums and meetings of social movements to attract the particular attention of the Bolivarian People's Congress, which provided significant support through provision of different discussion spaces for popular organizations to contribute towards social policy, thus strengthening the proposal (as summarized in the document "Building the ALBA from the Peoples: A proposed unity for the peoples of our America"). The previous lack of spaces for citizen participation and organization of social movements in the region was thus capitalized on by the ALBA, promoting a new style of civic diplomacy, known as popular diplomacy (Blanco y Linares, 2008)

Indeed, while in the 1990s political, economic and social development of the region was influenced by globalization and insurgency movements, at the same time it felt the effects of democratization and the rise of new progressive governments, the changing role of regional integration and economic development strategies, dissatisfaction with the functioning of the multilateral trading system, the abandonment of the strategies prescribed by ECLAC, and the proliferation of trade agreements; these factors encouraged the resurgence or emergence of new initiatives which facilitated the arrival of another kind of regionalism in Latin America. Since 2004, Chavez having consolidated his position via the recall referendum of the same year, ALBA has become a new form of integration (Briceño, 2006), extending and deepening the practice of balanced trade, as is notable in the agreements signed.

Within this wave of regionalism, the ALBA member-states share the same regional Latin American context but the link is more abstract owing to the lack of territorial contiguity between them; they are not necessarily located in immediate proximity within the same geographic area. They have the distinction of not being geographical spontaneities and they come together more out of a voluntary regionalism consisting of political commitments and commercial criteria, as well as unifying historical, social, and cultural conditions.

In the case of ALBA, it is important to emphasize the role of Presidents and the inter-state links which join them not only in their political motivations for supporting the ALBA Alliance, but also in their need to develop an

economic agenda with a vision of "fair trade". Combining this with the shared philosophical and historical foundations laid by Bolivar and other regional heroes in their long pursuit of Latin American unity, ALBA leaders look to strengthen member communities based on the principle of mutual benefit, complementarity, solidarity and cooperation.

This new regionalism is also based on economic criteria; in this case the main attraction is energy resources, and the elimination of barriers to increase mutual exchange of goods, services, capital and people. A feature of this kind of regionalism is that it entails bilateral, trilateral or multilateral politico-economic agreements known as "preferential trade and regional cooperation agreements" which are driven by intergovernmental initiative and in specific institutional context with little intention of supranationality (Casas, 2005: 74).

And so it is that even a simple check of the list of subscribers to ALBA agreements and their related projects highlights a very varied agenda combining both traditional and novel issues such as investment, technical standards, sanitary and phytosanitary services, competition policy, dispute settlement, intellectual property, environment, gender, labour regulation, education, and health, amongst others. The inclusion of new issues beyond trade and politics that transcend political dialogue (on the strengthening of democracy, human rights, sustainable development), economic and trade ties, development cooperation, complementation and support for technology, science, culture and energy is an attribute of the latest trade agreements. This is a particular feature of third and fourth generation agreements developed in Europe that go beyond dialogue and political cooperation at regional or continental level to promote regional integration through the mechanism of strategic partnership (Casas, 2005).

From this perspective, the ALBA can be considered as a strategy of the latest generation with a set of individual characteristics expressed in the People's Trade Treaty (PTT), which proposes that "regional trade integration based on complementarity, solidarity and cooperation and the common motivation to advance to higher levels of development, can meet the needs and aspirations of Latin American and Caribbean countries, and even preserve their independence and sovereignty and identity." It is for this reason that ALBA opponents argue that it should not be classified as a regional integration strategy but rather an international cooperation scheme.

Elsewhere, if looking at the ALBA from perspective of the classical theory of international trade, it does not follow the stages and degrees logic presented by Bela Balassa within which the promotion, strengthening and liberalization of the market plays a key role in the process. Furthermore, opponents point out that the

institutional mechanisms and procedures to establish cooperation and integration are very different when comparing ALBA and regional free trade agreements (Briceño, 2006). In this sense, ALBA's institutional architecture has been elaborated and adapted according to a strategic plan that is premised on mutual benefit between all parties to the agreement.

ALBA is made up of integrationist and integrative elements which are built in practice. It is an initiative of social, cultural, political and economic aims to address the imbalances and asymmetries in the region. At the political level of the Venezuelan State, the ALBA is conceived as a foreign policy objective and at a regional level as a means of promoting Latin American integration and the development of a new endogenous paradigm of regional development (Linares and Guerrero, 2008). In terms of the social dimension, ALBA has favoured the development of inclusive and participatory initiatives, with summits giving much space in their discussions and working groups to the input of social groups and movements.

Latin American regional integration is complex and has had worthwhile results, even if the integration process has been dominated by political, economic, geopolitical fluctuations that have sometimes left integration looking difficult to achieve. This set of forces requires that a balance be achieved in the establishment of regional interactions between the motivations, interests, possibilities, constraints and pressures of numerous regional and international actors.

The resurgence of regional blocs and the emergence of new regional alliances in Latin America has led to a scenario of multiple concurrent regional strategies such as CAN, Mercosur, FTAA, FTA-seeking by the United States since the Buenos Aires summit, the ALBA Alliance and UNASUR, apparently reducing the possibility of Latin American unity; but at the same time it seems to stimulate and capitalize on the interest of South American Heads of State in expressing their political determination by participating actively in such associations despite past regional frictions.

The outlook for regional integration is characterized by a set of conditions associated with the separation of Venezuela from the Andean Community in 2011 and the admission of Venezuela into Mercosur (once overcome the negative stance of Paraguay), the future approval of FTAs by Colombia and Peru, as well as negotiations between Chile and Brazil regarding an FTA in specific areas. Elsewhere we see the incorporation of Central American signatories of the CAFTA (such as Nicaragua) into the ALBA in addition to the adhesion of Bolivia and Ecuador (members of the CAN) to ALBA-PPT, and the participation of Caribbean countries in the Energy

Cooperation Agreement PETROCARIBE. Additionally, the call for a full South American agreement by UNASUR, amid political and ideological differences in regional diplomacy, politics will prevail in strengthening regional trade through points of convergence.

To conclude, it is true that the position of Venezuela in the regional context, within the ALBA Alliance, has contributed on the one hand to an increase in regional differences the radical ideological position of opposition to the United States. But on the other hand, Energy Agreements, financial investments, areas of economic complementation and “grannacional” projects and companies have created the possibility of building a new fairer and more social kind of commercial and economic compensation in the region, with Venezuela expanding this vision towards the UNASUR stage. All of this is summarized by noting that the process of integration in a regional context has been affected but finally strengthened by the proliferation of trade agreements, helping to build a more authentic Pan Americanism in the common interest of the peoples of the Americas.

Many thanks.