



## Occasional Paper: 3

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# ALBA

## Venezuela's answer to “free trade”: the Bolivarian alternative for the Americas

by David Harris and Diego Azzi

## The Occasional Paper Series

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## Acronyms used

ALBA – Bolivarian Alternative for the Americas

CAFTA – Central American Free Trade Agreement

CLOC – Latin American Coordinator of Rural Organizations

CSN – South American Community of Nations

FTA – Free Trade Agreement

FTAA – Free Trade Agreement of the Americas

MERCOSUR – Southern Common Market

# Summary

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The Bolivarian Alternative for the Americas (ALBA) represents the first attempt at regional integration that is not based primarily on trade liberalization but on a new vision of social welfare and equity. Alternatives are often either theoretical to the point of impracticality, or so micro that scaling up presents huge challenges; ALBA is both large-scale and, to an increasing degree, taking concrete shape. While many aspects of the project are still unrealized or only in the process of realization, and despite some apparent contradictions between theory and practice, ALBA is an important case study.

The fact that ALBA is spearheaded by Presidents Chávez, Castro and, more recently, Morales, of Venezuela, Cuba and Bolivia respectively, the hemisphere's 3 biggest bogeymen for neoliberal imperialism, only makes the tale that much more interesting. When US President George Bush turns up in Latin America to promote the Free Trade Agreement of the Americas (FTAA), he is routinely cold-shouldered; Chávez on ALBA is greeted like a rock star.

*Venezuela's Answer to "Free Trade": The Bolivarian Alternative for the Americas (ALBA)*, by David Harris and Diego Azzi, provides a detailed account, and a critical assessment, of the ALBA project to date.

Work so far has involved an exchange of cheap Venezuelan oil for Cuban doctors and healthcare expertise. This includes 'Operation Miracle', which aims to provide free eye operations, plus transportation and accommodation, to 600,000 citizens of Latin America and the Caribbean each year. Bolivia's recent entry in ALBA agreements saw it gain doctors and teachers, technical assistance for managing its hydrocarbon extraction sector, and a market for its soy beans, while its contribution is mainly in the form of its natural gas reserves.

Harris and Azzi provide a summary historical background to the US economic and political hegemony over the region and compare the ALBA project with other regional integration efforts, namely the South American Community of Nations (CSN), Mercosur, and the FTAA and bilateral Free trade Agreements between

the US and various countries in the region. These other efforts either directly support the neoliberal model that perpetuates US regional hegemony, or at best do not question it. ALBA, by contrast, flies in the face of the Washington Consensus. The authors also point out that ALBA, unlike other regional groupings, has so far played virtually no role in international fora such as the WTO or G20.

Working from the little documentation available, Harris and Azzi attempt to paint a picture of what the ALBA project may eventually look like. A handful of concrete proposals are made explicit. These include participatory budgeting at the local level, revoking referenda and public declarations of income for all elected posts, public participation mechanisms, and a set of regional talking shops for elected office-holders. But the projected scope of ALBA is huge, covering 19 issue areas: 1. Oil and Energy; 2. Communication and Transportation; 3. Military; 4. External Debt; 5. Economy and Finance; 6. Light and Basic Industries; 7. Natural Resources; 8. Land, Food Sovereignty and Land Reform; 9. Education; 10. University; 11. Scientific and Technological Development; 12. Mass Media; 13. Health; 14. Gender; 15. Migrations-Identity; 16. Habitation; 17. Protagonist and Participatory Democracy; 18. Indigenous Movement; 19. Workers Movement. This is a clearly a much more comprehensive vision of international cooperation than your average trade agreement. Proposals for the realization of these areas of work run from a Cooperative Bank of the South complete with credit card, to a regional TV and radio network, Telesur to continental oil and gas pipelines.

The authors point to a striking disjuncture between ALBA as it is visualized and ALBA as it has been practiced so far. The rhetoric is firmly grounded in popular participation and the expectation that ALBA initiatives will 'come from the people'. But most of what has happened has been put in place by agreements signed by heads of government, with little sign of any involvement of the masses. The authors spend some time tracking the initially wary but increasingly friendly attitude of social movements in the region.

The paper provides a detailed scan of the position of each of the major ALBA countries in turn, plus Brazil, Argentina and Mexico. While Argentina and Brazil are beginning to get involved in ALBA activities, the prospects for Mexico seem to have dimmed with the stealing of the presidential election from Andrés Manuel López Obrador. Brazil's position is both important, as the largest economy in the region and would-be UN Security Council permanent member, and seriously conflicted. On the one hand, the anti-poverty policies of the Lula government ought to dovetail easily into the ALBA framework. But the flagship state corporation Petrobras enjoys immense prestige at home while operating in neighbouring countries in a way that differs little from other transnational oil companies. The paper also gives a quick compare-and-contrast tour of regional groupings elsewhere in the world.

The concluding section notes that while civil society in many countries round the world is getting excited about ALBA, the exercise also runs great risks. The authors concentrate on the threats within the major ALBA countries. But a quick word count reveals the dark shadow that looms over the entire project: the main text contains 83 instances of the words 'Venezuela/Venezuelan', 77 of 'Bolivia-Bolivian' and 49 of 'Cuba/Cuban'. But 'US' occurs 74 times. And they don't look like ever becoming a member.

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# Untouchable Chávez

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Venezuelan President Hugo Chávez is untouchable. Untouchable in the sense that despite the best efforts of a well-organized alliance created by some of his country's most powerful businessmen, major media networks and military officers,<sup>1</sup> he has remained in power as a surprisingly popular and democratically elected president. But also untouchable in the sense that his Latin American and Caribbean neighbors are afraid to even get close to him politically for fear of serious backlash from Washington. However, in this often-overlooked, yet very volatile corner of the world, major political shifts can happen almost overnight. In this case, it appears that Chávez may be able to very effectively ride the latest political wave of anger at failed neoliberal economic policies, and the serious ideological vacuum that the situation has created, to push forward a major realignment of power relationships in the region.

Take, for instance, the Summit of the Americas, held at the Argentine beach resort town of Mar del Plata in November 2005. The gathering drew world leaders from nearly every nation in the Western hemisphere,<sup>2</sup> but not all evoked the same welcome. US President George W. Bush arrived with hopes of jump-starting the stalled negotiations on the Free Trade Agreement of the Americas<sup>3</sup> (FTAA). Instead, he was greeted not only by throngs of protesters and riots, but also by a cold shoulder from most of the Latin American leaders whom he was hoping to win over. Contrast that to Chávez, who stole the show at the conference during

- 1 Most notable amongst these efforts were the 2002 coup attempt and a 2004 call for a national plebiscite aimed at cutting off Chávez' mandate mid-term. In December 2006, Chavez was re-elected with a landslide victory for a second six year term.
- 2 Cuban President, Fidel Castro, has been excluded from all meetings of the Organization of American States (OAS) since the passage of a 1962 resolution excluding all adherents to "Marxism-Leninism" from the group's activities. See "Resolutions Adopted at the Eighth Meeting of Consultation of Ministers of Foreign Affairs, Punta del Este, Uruguay, January 22 - 31, 1962." The Avalon Project, Yale University, 1996. <http://www.yale.edu/lawweb/avalon/intdip/interam/intam17.htm>
- 3 The FTAA is a proposed hemisphere-wide trade agreement similar in character to NAFTA, the 1994 North American Free Trade Agreement and CAFTA, the more recent Central American Free Trade Agreement. Though talks began in 1994 on the FTAA, the terms of the agreement have yet to be settled upon. All of the major summits held to discuss the agreement have been met by massive popular protests. For critical perspectives on these agreements, see Public Citizen's Global Trade Watch website: <http://www.tradewatch.org>.



a two-hour speech he gave at the nearby football stadium, where he garnered a warm applause from both his presidential peers and an audience of 25,000 cheering activists.<sup>4</sup>

Indeed, Chávez' image in the international community as the sort of no-nonsense leader willing to speak his mind had been cemented just a few months earlier at the 2005 World Summit in New York. Chávez delivered an impassioned speech condemning American militarism and imperialism, and laid out a case for radical changes at the United Nations. The crowd roared with the loudest applause given to any of the 170 presidents, prime ministers, and dignitaries who spoke during the event.<sup>5</sup>

Chávez' public support both inside and outside Venezuela is looking better than ever these days.<sup>6</sup> His domestic opposition is in shambles after one too many desperate and failed attempts to force Chávez from power or discredit his government.<sup>7</sup> It also appears likely that Chávez will breeze through another presidential race in 2006. By the end of the year, Latin America will have witnessed in the space of twelve months a dozen presidential races and thirteen legislative elections.<sup>8</sup> Budding alliances with leaders in Cuba, Bolivia, Argentina, Brazil, Uruguay, and potentially other nations in the coming months, make Chávez' position look ever stronger. The region is ripe for all sorts of changes, and Chávez' radical new ideas for Latin American integration on a cooperative, social democratic model—his "Bolivarian Revolution"—are certain to figure into the agenda.

## The Bolivarian Alternative

While global "free trade"<sup>9</sup> remains the mantra among many of the world's most powerful nations, a handful of Latin American leaders are developing a radical new set of ideas about the potentially liberating meanings of regional integration in the "developing" world. The Bolivarian Alternative for the Americas (ALBA<sup>10</sup>) includes the promo-

tion of trade between countries, and even the elimination of tariff barriers on certain products, but its core purpose goes far beyond this. The explicit aim of ALBA is to promote the "social" side of development, eliminating poverty and combating social exclusion in a cooperative effort by Latin American nations.

In late 2004, Chávez and Cuban President Fidel Castro signed the first stage of ALBA. Its premise is based on a very simple notion: Cuba, a regional leader in medicine, would send Venezuela 15,000 doctors and assist in the construction of hundreds of new medical clinics in the country as well as with the training of Venezuelan doctors both on site and through scholarships to Cuban universities. In exchange, oil-rich Venezuela would provide Cuba with discounted petroleum imports with a value of USD one billion annually. The agreement did not stop there. In an effort to attract other neighboring countries to this new style of international cooperation, Venezuela and Cuba launched "Operation Miracle," jointly offering free surgery for cataracts and other eye diseases to citizens of every nation in Latin America and the Caribbean. In 2005, Cuban doctors and hospitals performed more than 122,000 surgeries and Venezuela provided free air transport and accommodations to each of these patients.<sup>11</sup> The governments aim to expand the program to serve 600,000 patients annually in coming years, performing operations in both Cuba and Venezuela.<sup>12</sup>

On April 29, 2006, Bolivia's freshly elected President, Evo Morales—the first indigenous head of state in the nation's 180 year history—gave ALBA a big boost by traveling to Havana and signing a set of accords with Cuba and Venezuela making it the accord's third full member. Venezuela and Cuba agreed to purchase Bolivia's imperiled soy crop at "fair rates" as a US trade agreement with Colombia signed in May threatened to fatally undercut Bolivia's exports to its primary soy buyer.<sup>13</sup> Groups of Cuban doctors and teachers were assembled to aid Morales in his effort to remedy his nation's chronic inability to provide basic social services to its desperately impoverished and dis-

4 Elisabeth Bumiller, "Far Away From Home, No Rest for a Weary President," *New York Times*, November 7, 2005, p. A6.

5 Colum Lynch, "Chavez Stirs Things Up at the U.N.; Venezuelan Leader Wins Cheers With Rant Against U.S.," *Washington Post*, 2005, p. A14.

6 John Vidal, "Hugo Chavez superstar; Even Brazil's bourgeoisie love the World Social Forum," *The Guardian*, February 3, 2005. Juan Forero, "Chávez's Grip Tightens as Rivals Boycott Vote," *New York Times*, December 5, 2005.

7 Richard Gott, "Democracy under threat: Chávez will only gain from the US-backed opposition's ploy to undermine elections," *The Guardian*, December 6, 2005.

8 Special note should be paid to Mexico, Brazil, Bolivia, and Nicaragua, key contests that will certainly shape both the region's and Chavez' future. See "Redrawing the political map; Latin America," *The Economist*, November 26, 2005.

9 Perhaps more appropriately referred to as "deregulated international commerce."

10 ALBA, meaning "dawn" in Spanish, is the acronym for

Alternativa Bolivariana para la America, named after Simón Bolívar, a 19<sup>th</sup> century South American independence hero. This acronym plays on the Spanish acronym for the FTAA—ALCA.

11 "Final Declaration from the First Cuba-Venezuela Meeting for the Application of the ALBA," April 30, 2005, published in English by *Venezuelanalysis.com* <http://www.venezuelanalysis.com/articles.php?artno=1433>. See also Gary Marx, "Chavez seeing to Cuba's revival; Venezuela's leader is bank-rolling ocular surgery in Cuba for Latin America's needy—and giving his anti-US ally an economic shot in the arm," *Chicago Tribune*, 2005.

12 Tom Fawthrop, "Havana's Operation Miracle helps eye patients see light," *The Scotsman*, November 26, 2005. See also, Pedro de la Hoz, "Chávez y Fidel sellan el Compromiso de Sandino," *Diario Granma* (Cuban Newspaper), August 21, 2005.

13 Agence-France Press, "Bolivia, Cuba, Venezuela Poised to Sign Anti-US Trade Pact," April 29, 2006.



enfranchised indigenous population. Thousands of scholarships were announced for Bolivian students to study at both Cuban and Venezuelan institutions. While Cuba takes on the task of assisting Bolivia with increasing its energy-efficiency, Venezuela will provide extensive cooperation in restructuring Bolivia's gas and mineral extraction industries to the benefit of both countries, and to the likely detriment of North American and European transnationals that have reaped many billions of dollars in profits from the country in recent decades. Bolivia's contributions to the alliance will come in the form of exports of natural gas along with "mining, agricultural, agro-industrial, livestock and industrial products." Tax breaks will also be provided on Venezuelan and Cuban investments in Bolivia, be they either state or mixed state-private ventures. Contributions of knowledge on indigenous affairs and traditional medicine were also included in the laundry list of collaborative efforts signed in Havana.<sup>14</sup>

On May 1, 2006, International Worker's Day, and just two days after flying home to Bolivia from the ALBA signing, Morales made another major announcement—the nationalization of all hydrocarbon resources under Bolivian soil.<sup>15</sup> The details of each of these major turns for Bolivia and the region remain to be seen, but everything indicates that Morales is serious about using his strong electoral mandate to make serious changes for his country.

Another key piece of the ALBA accord is TeleSUR, a pan-Latin American television network, which was up and running as of October 2005. Financed by the governments of Venezuela, Argentina, Cuba, and Uruguay, and supported in-kind by Brazil, TeleSUR aims to be the first television network both *by* and *for* Latin America, a sort of Al-Jazeera for the region.<sup>16</sup> The network fills a gaping regionally-focused information vacuum; the only uniform programming distributed across Latin America comes from the privately owned, US-based networks CNN and Univision. Broadcasting in both Spanish and Portuguese, TeleSUR plans eventually to host four different channels, providing content in news, culture, sport, and education for adults and children. While Chávez critics have questioned the legitimacy of a government-controlled media enterprise, the truly impressive level of corruption found in the privately held media in Venezuela (they were a key source of deliberate disinformation in Venezuela during the 2002 coup attempt) leaves no doubt that high-quality government pro-

gramming could, at the very least, complement the free, private media already available in the region.<sup>17</sup>

Future possibilities proposed for the ALBA union are numerous and imaginative. On the financial side, highlights include a club of debtor nations, a region-wide development fund made up of 50% of would-have-been external debt payments and a Latin American version of the IMF designed to ensure regional currency stability. Cuba and Venezuela are already devising joint foreign aid projects for other countries in the region intended to eliminate illiteracy<sup>18</sup> and improve health care programs and infrastructure. Generous new university scholarships will allow for greatly increased educational exchanges in medicine and engineering as well as the humanities and social sciences. Argentina, known for having the region's best cattle stock, is now shipping livestock to Venezuela in exchange for oil discounts similar to those given to Cuba. Joint oil exploration and extraction projects between countries will also allow a larger portion of the profit from petroleum extraction to stay within the region.

Projects such as these—and a great many more—are intended as steps towards achieving the dream of Simón Bolívar, a 19th century Venezuelan independence hero who envisioned an independent and united federation of South American states, much like the then-nascent United States to the north. But from colonial times to the present, a wide array of political forces has prevented such a union from being realized. Even under the umbrella of Spanish colonial rule, trade between individual colonies under the same crown was forbidden.<sup>19</sup> More recently, the United States' focus on building supportive bi-lateral relations with friendly nations (Peru, Colombia, Chile, Mexico), while at the same time isolating others through economic, political, and even covert military means (Venezuela, Cuba, Bolivia), has hindered the development of closer ties within the region.

In their efforts to build popular support for the ALBA project, as well as for their domestic initiatives, Chávez, Castro and Morales all make regular and very effective references in their public discourse to the long history of domination and control of their lands by foreign powers, thus embedding their own present struggles in a compelling narrative of resistance to colonialism and imperialism dating back more than 100 years. While the naming of the ALBA

14 "Agreement for the Application of the Bolivarian Alternative for the Peoples of our America and the Peoples' Trade Agreements," April 29, 2006. Published online by Government of Cuba. <http://www.cuba.cu/gobierno/discursos/2006/ing/f290406i.html>

15 Harold Olmos, "Bolivian president aims to nationalize natural gas industry, sends troops to fields," Associated Press, May 2, 2006.

16 Kelly Hearn, "'El' Jazeera," AlterNet, May 13, 2005. See also, Juan Forero, "And Now, the News in Latin America's View," New York Times, May 16, 2005, p. A9.

17 John Dinges, "Soul Search: In Venezuela, the press struggles to regain its bearings after serving as a tool of the anti-Chavez movement". Columbia Journalism Review, July/August 2005, p. 53. On press freedom and independence, see also Al Giordano, "Welcome Telesur to the Struggle to Light Up the Skies." Narco News Bulletin, July 24, 2005.

18 Cuba's literacy programs are widely known to be among the world's best; Cuban educators have also demonstrated significant successes in exporting their model to Venezuela since 2003. See Humberto Márquez, "Venezuela Declares Itself Illiteracy-Free," Inter Press Service, October 28, 2005.

19 Thomas Skidmore and Peter Smith, *Modern Latin America*, Oxford University Press, 2000, p. 356.

agreement after Bolívar as well as Chávez' 1999 re-naming of the Venezuelan state as the "Bolivarian Republic of Venezuela," are the most obvious examples of this, other heroes are frequently referred to. The April 2005 declaration of the ALBA accord between Cuba and Venezuela closed with the following 1892 quotation from Cuban independence leader José Martí, "Our enemy obeys one plan: to inflame us, disperse us, divide us, suffocate us. That is why we are obeying another plan: to show ourselves in all our stature, to tighten up, join together, to evade him, finally making our homeland free. Plan against plan."<sup>20</sup> Morales, the youngest of the three ALBA presidents, called the April 2006 meeting in Havana "a historic gathering of three generations and three revolutions."<sup>21</sup>

Though ALBA is still far from a region-wide reality, both politicians and civil society are increasingly heralding the proposal as a concrete alternative to the neoliberal model for globalization. As such, ALBA represents not just an attractive medley of innovative new programs and ideas for the region, but also a strongly compelling and solid set of principles through which neighboring states can take advantage of international partnerships and put them directly to use for their people. Of course, it remains to be seen if the force of such an idea will catch hold either in Latin America or elsewhere.

Inasmuch as ALBA may appeal to certain parties, it will have to overcome many obstacles. Regional rivalries and domestic political pressures are sure to pose problems, but there is only one party with anything truly significant to lose from this realignment of priorities: the coterie of neocolonial first world governments and multinational corporations that would like to continue to reap the benefits of the region's resource wealth and economic dependency.<sup>22</sup> Directly and indirectly, they are also likely to mount considerable opposition.

20 "Final Declaration from the First Cuba-Venezuela Meeting for the Application of the ALBA," op. cit.

21 BBC News, "Leftist trio seals Americas pact," April 29, 2006.

22 For a particularly inflammatory example of such resistance to Chávez delivered by way of Orwellian double-speak and impressively inventive storytelling, see US Senate Majority Leader Bill Frist's recent editorial in the Miami Herald, "Boycott of elections was right," December 5, 2005. Frist, one of the most influential members of the Republican Party, is actively pushing for Chávez' ouster on grounds of corrupt elections, despite the fact that the most recent elections, along with the previous half-dozen, have been certified by teams of international observers including the Carter Center (led by former US President, Jimmy Carter) and the Organization of American States. For an informed rebuttal of Frist's charges about Venezuela's economy, see Mark Weisbrot, "Venezuela's Economic Performance," NACLA Report on the Americas, September/October 2005, p. 52.

## Understanding the Hemisphere: empire and ... empire

In 1823, as the Spanish Empire in Latin America crumbled, US President James Monroe declared, "the American continents, by the free and independent condition which they have assumed and maintained, are henceforth not to be considered as subject for colonization by any European powers."<sup>23</sup> This notion of "America for the Americans" soon came to be known as the Monroe Doctrine, and proved to be one of the most important guiding principles of US foreign policy for the following century. Though its explicit goal initially appeared as an effort to protect the newly-gained independence of its southern neighbors, the Doctrine soon came to have a greater significance, identifying Latin America as an inviolable piece of the US "sphere of influence."

In 1904, US President Theodore Roosevelt modified the doctrine to serve as a justification not just for defense of the hemisphere from European powers, but also to guide US military interventions within countries in the region. In an attempt to justify the US occupation of Cuba, the "taking" of Panama and the creation of a protectorate over the

Dominican Republic, Roosevelt wrote:

"Any country whose people conduct themselves well can count upon our hearty friendship. If a nation shows that it knows how to act with reasonable efficiency and decency in social and political matters, if it keeps order and pays its obligations, it need fear no interference from the United States. Chronic wrong-doing, or an impotence which results in a general loosening of the ties of society, may in America, as elsewhere, ultimately require intervention by some civilized nation, and in the Western Hemisphere the adherence of the United States to the Monroe Doctrine may force the United States, however reluctantly, in flagrant cases of such wrong-doing or impotence to the exercise of an international police power."<sup>24</sup>

One need not look far to see how important this doctrine was in setting the ideological architecture and discursive strategies that continue to drive the American empire today. In this sense, Latin America provides an essential case study for students of globalization from outside the Western Hemisphere who seek to understand the foundations of American interventionism abroad.

Over the course of the 20<sup>th</sup> century, US interventions in Latin America took various forms, from outright colonization and military occupation in the first half of the century (Cuba, Puerto Rico, Nicaragua, Haiti, Panama) to more discreet

23 Skidmore, op. cit., p. 358.

24 Ibid., p. 333.

Cold War efforts to fight the expansion of communism in the region. During the Cold War, the United States supported various violent and repressive military dictatorships in the region (Chile, Argentina, Brazil, Nicaragua, Bolivia, Paraguay, Uruguay) by training counter-insurgency forces at the School of the Americas<sup>25</sup> and through supporting the covert “Operation Condor”, a continent-wide campaign of assassinations, kidnappings, torture and intelligence-gathering, all billed as part of “anti-terrorism” efforts.<sup>26</sup>



This 1912 political cartoon shows American icon “Uncle Sam” standing watch over the Western Hemisphere as the European powers observe from afar.\*

During the last two decades, Latin America has seen a surprising turn towards democracy, with few remaining military dictatorships surviving in the region. However, the present turn to the left seen in the elections of “social democratic” and nominally “socialist” governments in Venezuela, Argentina, Brazil, Uruguay, Ecuador, and the Dominican Republic has caught the conservative Bush administration off-guard. With the State Department’s attention divided between vi-

olent conflicts in Iraq, Afghanistan, the more general “War on Terror,” and potential difficulties with Syria, North Korea and Iran, it appears that little attention is left to focus on Latin America.

One of the most obvious examples of continued US involvement in the region, and particularly of the present administration’s carelessness in regional affairs, was the 2002 coup attempt to overthrow Chávez. The key US official involved in the operation was Bush’s Assistant Secretary of State for Hemispheric Affairs (one might say, the administrator of the Monroe Doctrine), Otto Reich, an infamous Cuban-born arch-conservative who has meddled in Latin American affairs on behalf of the US government and private corporations for the past three decades.<sup>27</sup> The day after the coup, during the two-day dictatorship of Venezuelan business magnate Pedro Carmona, Reich summoned ambassadors from Latin America and the Caribbean to his office and told them that Chávez’ removal was not a rupture in democratic rule, since, according to the official line of the military junta, Chávez had resigned from the presidency. Reich went on to tell the ambassadors that Chávez was “responsible for his fate.”<sup>28</sup>

Such behavior indicates the Bush administration’s clear willingness to support—either directly or indirectly—violent efforts to depose Latin American leaders (dozens of Venezuelan citizens lost their lives in the course of the coup), regardless of whether or not they were democratically elected. Motives for such an agenda most likely originate not from Bush himself, but in the circle of knee-jerk neo-conservative advisors that have determined the foreign policy of Reagan, Bush senior, and now George W. Bush as well.<sup>29</sup>

25 See School of the Americas Watch website, <http://www.soaw.org>

26 McSherry, J. Patrice, *Predatory States: Operation Condor and Covert War in Latin America*. Rowman & Littlefield Publishers, 2005. See also John Dinges, *The Condor Years: How Pinochet and His Allies Brought Terrorism to Three Continents*. New Press, 2004.

27 For an excellent profile of Reich, see William Finnegan, “Castro’s Shadow; America’s man in Latin America, and his obsession,” *The New Yorker*, October 14, 2002.

28 Ed Vulliamy, “Venezuela coup linked to Bush team: Specialists in the ‘dirty wars’ of the Eighties encouraged the plotters who tried to topple President Chavez,” *The Observer*, April 21, 2002.

29 David S. Cloud, “Like Old Times: U.S. Warns Latin Americans Against Leftists,” *New York Times*, August 19, 2005, p. A3.

\* Charles L. “Bart” Bartholomew, *Minneapolis Journal*, 1912. (Reprinted in Skidmore, op. cit., p. 359)



## Existing integration efforts in Latin America

The South American Community of Nations (CSN) is the most recent effort at institutionalized regional integration in South America. Twelve nations—essentially the entire South American Continent—will be taking part in the union, which was officially founded in December 2004 in Cusco, Peru.

The discourse surrounding and used in the founding documents of the CSN is notably distinct from the FTAA as well as from Mercosur and the Andean Community. The agreement highlights the common history of the member nations, and, as is the case with ALBA, much of the pomp surrounding the document plays up the 19<sup>th</sup> century unification projects envisioned by Simón Bolívar.

Even in its official documents, the CSN recognizes that economic development on its own is not the final objective of the union—a form of integration that transcends simple deregulation of commerce is an explicit part of the agreement.

Similar to ALBA, the CSN's founding documents also state that integration must not be a project solely of governments, but also a union coming from the peoples of the continent. Nevertheless, certain topics clearly of significant interest to "the peoples" of South America, such as the repudiation of external debt and rejection of the FTAA, are conspicuously omitted from all official documents regarding the union. As such, one can only imagine that such a "grassroots" oriented discourse is in reality nothing more than rhetoric.

In the same vein, it is hard to see any indication of serious domestic efforts within these very countries to move coherently toward the stated goals of the Cusco Declaration. That is, it is hard to imagine how these governments intend to guarantee health, education, clean water, food security and environmental preservation for their peoples if, simultaneously, they continue to negotiate with and even auction off these very same "rights" as if they were commodities under the scope of the FTAA or bilateral free trade agreements with the United States.

Going beyond what is found in the official declarations of the CSN, one can see that the development of the organization follows many of the same juridical and normative principles that are in force in Mercosur and the Andean Community of Nations—those that have effectively established the legal basis for neoliberal domination in recent years. More specifically, these are the legal frameworks that guarantee the rights of transnational investors to shift capital and goods freely throughout the continent, and at the same time do little to protect already precariously posi-

tioned workers in each of these countries. It is important to note, however, that a number of social actors in the region, including prominent trade unions and NGOs see strong potential in the CSN process in terms of political, social, cultural and complementary economic development.

Not only because of its very recent creation, but, above all because of the means by which the agreement came about, it still is not possible to point to the CSN as playing a significant role in resistance to the economic empire and continued hegemony of the United States on the continent.<sup>30</sup> By looking more deeply into the underlying intentions and mandates of the two integration proposals, the core differences between ALBA and the CSN can be seen. ALBA endeavors to re-write the core power structures and *raison d'être* for international cooperation, while CSN is, at its best, an effort to smooth out the bureaucratic obstacles in the way of the functioning of the current system.

The recent elections of strongly left or center-left leaders across the continent—Presidents Luis Inácio "Lula" da Silva in Brazil, Hugo Chávez in Venezuela, Néstor Kirchner in Argentina and Tabaré Vázquez in Uruguay—have introduced perspectives and negotiating postures that Latin Americans could hardly have imagined twenty or even just ten years previously.<sup>31</sup> Given the difficulties that the negotiations for the FTAA have faced, principally with the first three of these countries—Brazil, Venezuela and Argentina (Uruguay arrived only recently in the process, with the 2004 election and 2005 installation of President Vázquez)—the United States government has adopted an alternative strategy in hopes of winning the negotiations: investing aggressively in the establishment of bilateral FTAs with practically every country on the continent.

The US negotiated and signed an Free Trade Agreement (FTA) with Chile, concluded negotiations with Central America (CAFTA<sup>32</sup>), and is presently in the final stages of

30 Edgardo Lander. Modelos Alternativos de integração? Projetos neoliberais e resistências populares. Observatório Social da América Latina, CLACSO, 5(15), pp. 45-56, September-December 2004, p. 52-55.

31 For details of the historical context behind this shift in regional politics, see Alvaro Vargas Llosa, "The Return of Latin America's Left," New York Times, March 22, 2005, p. A23.

32 Public Citizen Global Trade Watch (2005) writes, "The Central American Free Trade Agreement (known as CAFTA) is an agreement between the United States, five Central American nations (Guatemala, El Salvador, Honduras, Costa Rica and Nicaragua), and the Dominican Republic. It was signed May 28, 2004, and was approved by an extremely narrow margin (of 217-215) in the middle of the night by the U.S. Congress on July 27, 2005. El Salvador, Guatemala, Nicaragua, and Honduras have also approved the agreement. Costa Rica and the Dominican Republic have yet to vote on the agreement. CAFTA is a piece in the FTAA jigsaw puzzle and is based on the same failed neoliberal NAFTA model, which has caused the 'race to the bottom' in labor and environmental standards and promotes privatization and deregulation of key public services." <http://www.citizen.org/trade/cafta>

negotiations with Colombia and Peru.<sup>33</sup> There is no doubt that the principal United States interest in the continent is still to be found in the FTAA, holding the strategically important markets of Mercosur (Brazil, Argentina, Paraguay, Uruguay and Venezuela); the negotiation of these additional bilateral trade agreements serves only to weaken the resistance of these countries to the FTAA.

In 1996, Mercosur signed into effect the creation of a “free trade zone” between its member countries and Bolivia. This was one of the antecedents to the accord signed in Brasilia in December of 2002, in which the Mercosur-Andean Community Free Trade Agreement was established. This agreement aimed to “promote the development and the utilization of external integration with the goal of permitting the reduction of costs and the generation of competitive advantages in regional commerce and with third countries outside of the region.”<sup>34</sup> The agreement is strictly commercial in nature, not referring to any sort of deeper integration between countries. Above all, the focus lies in tariff reductions and cooperation in infrastructure projects for the reduction of costs.

Mercosur’s full member countries as of June 2006 are Brazil, Argentina, Paraguay, and Uruguay. Venezuela, Bolivia, Chile, Colombia, Ecuador and ddpected to make the transition to full membership in late 2006, and Bolivia was recently invited to become a full member.

Beyond these agreements, it is important to make mention of the North American Free Trade Agreement (NAFTA<sup>35</sup>),

33 Ibid., p. 47, 49.

34 “Acordo de Complementação Econômica celebrado entre a Comunidade Andina e o Mercado Comum do Sul (MERCOSUL).” [trans: Agreement of Economic Complementarity celebrated between the Andean Community and Mercosur] Brasília, December 6, 2002. <http://www.sice.oas.org/Trade/MRCSR/acMerAnp.asp>.

35 Public Citizen Global Trade Watch sums up NAFTA as follows: “NAFTA promoters - including many of the world’s largest corporations - promised it would create hundreds of thousands of new high-wage US jobs, raise living standards in the US, Mexico and Canada, improve environmental conditions and transform Mexico from a poor developing country into a booming new market for US exports. NAFTA opponents - including labor, environmental, consumer and religious groups - argued that NAFTA would launch a race-to-the-bottom in wages, destroy hundreds of thousands of good U.S. jobs, undermine democratic control of domestic policy-making and threaten health, environmental and food safety standards. (...)

“NAFTA contained 900 pages of one-size-fits-all rules to which each nation was required to conform all of its domestic laws - regardless of whether voters and their democratically-elected representatives had previously rejected the very same policies in Congress, state legislatures or city councils. NAFTA required limits on the safety and inspection of meat sold in our grocery stores; new patent rules that raised medicine prices; constraints on your local government’s ability to zone against sprawl or toxic industries; and elimination of preferences for spending your tax dollars on U.S.-made products or locally-grown food. In fact, calling NAFTA a “trade” agree-

ment is misleading, NAFTA is really an investment agreement. Its core provisions grant foreign investors a remarkable set of new rights and privileges that promote relocation abroad of factories and jobs and the privatization and deregulation of essential services, such as water, energy and health care. (...) “Now, ten years later, the time for conjecture and promises is over: the data are in and they clearly show the damage NAFTA has wrought for millions of people in the US, Mexico and Canada.” <http://www.citizen.org/trade/nafta/index.cfm>

in force since 1994 and made up of the United States, Canada and Mexico. In each of these FTAs involving the US, due to the disproportionate political and economic strength of the US in comparison with the other parties, the consequent liberalization of trade not only goes much further than what the US has been able to negotiate through the WTO, but also far beyond the proposed terms of the FTAA.

The fundamental reason that the governments of Brazil and Argentina mounted such a firm resistance to the FTAA in recent negotiations was that the anticipated benefits for each of those nations’ agricultural sectors were not guaranteed to a satisfactory level. Though there are serious differences between the positions of Brazil and Argentina, it was precisely the fact that the FTAA did not guarantee greater access for Mercosur’s agricultural products to the US market—the US remained unwilling to commit to increasing access to domestic markets or to reductions in subsidies to the nation’s farmers and agribusinesses—which definitively put the brakes on the negotiations. The present round of negotiations also taking place between Mercosur and the European Union does not appear to be significantly different in this regard and there is little reason to imagine that it would be a benign accord for South America.<sup>36</sup>

Until now, popular resistance in Latin America has been unable to bring a definitive halt to negotiations on this broad slew of FTAs being conceived across the region. The focus of resistance to date has been on denouncing and publicizing the problems brought by the accords and of the disappointing lack of transparency in the negotiations.

36 Lander, op. cit., p. 51.

## ALBA, the WTO and the G20

The most obvious and fundamental difference between ALBA and the WTO is that each operates on a completely different rationale. Distinct from other regional trading blocs such as Mercosur or the European Union, it is unlikely that Latin American countries might utilize ALBA in order to increase their bargaining power at the WTO. While the final goal of bargaining efforts at the WTO is to make gains toward the liberalization of global commerce, this goes against the very founding principles of ALBA, which reject such neoliberal policy measures from the outset. It is in fact possible that specific pieces of the ALBA agreement could generate accusations via the WTO that such provisions represent illegal barriers to free trade.

This means that whatever action ALBA might take at the WTO as a regional bloc would be significantly different from that of, for example, the G20, of which the key leaders are Brazil, India and China. The stated goal of the countries of the G20 is to negotiate a "positive" closure to the Doha round of trade negotiations, launched in 2001.

For the G20, a positive result consists basically of a guarantee that the products of agribusiness from the so-called developing countries will have free access to the markets of the United States, the European Union, Japan, and South Korea and an end to distorting agricultural export subsidies. Hypothetically, this would be agreed upon in exchange for the liberalization by developing countries of their industrial goods and services sectors.<sup>37</sup> From ALBA's perspective, such a deal would be unthinkable.

At the same time, in the most recent and thorough document outlining the potential future elements of the proposed region-wide ALBA,<sup>38</sup> not one of the nineteen items in the proposal, or in any other document on ALBA known to the authors for that matter, makes any direct mention of planned collaboration of member states in international trade negotiations such as the WTO.

The outcome of the December 2005 Hong Kong WTO Ministerial demonstrated clearly the pragmatic and pro-trade liberalization position of the G20, solidified as such under

the leadership of Brazil and India. The final agreement reached in Hong Kong saved the WTO from a third, maybe fatal, collapse after Seattle 1999 and Cancun 2003.<sup>39</sup> Since the US and the EU were not willing to make immediate concessions on agricultural policies, developing countries were under a lot of pressure and made important concessions on services and on non-agricultural market access issues (NAMA), in exchange for the commitment from developed countries to lower their subsidies and tariffs on agriculture commodities by 2013.<sup>40</sup>

The position taken by the developing countries was pushed forward by Brazil and India, even though other important countries such as Indonesia, South Africa and Venezuela opposed the agreement. The trade benefits of the agreement have yet to be carefully analyzed but, politically, the strategy of the two giants—Brazil and India—was to prove their leadership power over the minor developing countries and to show, especially to the US and the EU, that they will play a key role in the international trade talks at the WTO onward into the future. What could have been the final collapse of the organization became its return to a "positive" wave of negotiations, and the G20 strategy has much to do with this outcome.<sup>41</sup>

## Popular participation in ALBA

One of the aspects that distinguishes the FTAA proposal from ALBA is the call within the Bolivarian Alternative for popular participation from social movements and civil society in both its creation and functioning. While the FTAA is strictly a commercial agreement—in which only a few NGOs have access, and even so, only as observers—ALBA not only calls "the people" to participate, but includes measures to make the participation effective.

The ALBA proposal, *Constructing ALBA Starting from the People: a proposal of integration for the people of Our America*, released in Caracas in 2004, is presented as "a base document for debate in order to initiate the construction of ALBA from popular organizations, in coordination with popular Latin American and Caribbean governments' initiatives and integration agreements. ... ALBA is currently under development and its construction must be the outcome of broad popular participation, through seminars and assemblies."<sup>42</sup> The same document affirms that the proposal "as of today has gained substance in the bilateral agreements between Venezuela and Cuba, signed by

37 Folha de São Paulo (Brazilian Newspaper). "Ganho agrícola não será gratuito, diz OMC." [Trans: "Agricultural gains will not come for free"] Interview with Pascal Lamy by Clóvis Rossi. p. B14, November 24, 2005.

38 Bossi, Fernando Ramón, Mónica Saiz, Luciano Wexell Severo, Fernanda Brozoski, Marcos Ordóñez, and Laura Saiz. *Construindo a ALBA a partir dos Povos - uma proposta integradora para os povos da Nossa América. Projeto Emancipação - Secretaria de Organização do Congresso Bolivariano dos Povos, Comissão Semente ALBA. Caracas, 2004.* [Trans: *Constructing ALBA starting with the People - a proposal of integration for the people of Our America. Project Emancipation - Secretariat of the Organization of the Bolivian People's Congress, ALBA Seed Committee.*]

39 Interview with Walden Bello by João Peschanski. *Brasil de Fato*, January 19-25, 2006.

40 Vinicius Albuquerque. "Ministros da OMC chegam a um acordo para fim de subsídios até 2013" [Trans: Ministers reach an agreement to end subsidies until 2013]. *Folha Online*, December 18th, 2005.

41 Interview with Walden Bello by João Peschanski. *Brasil de Fato*, January 19-25, 2006.

42 Bossi et al, op.cit., p. 1.



presidents Hugo Chávez and Fidel Castro.<sup>43</sup> Even after the signing of the Havana accord in April 2006 that brought Bolivia into ALBA, there has not yet been any publicly available re-statement of ALBA's core proposed elements; these specifics can only be found in the actual accords signed between the three countries. These agreements, while quite ambitious, still do not reach the level of integration proposed under the 2004 document, which reads as much more of a blueprint for an eventual union and a guiding document than an actual constitutive declaration of the present three-country accord.

As such, there is a certain degree of dissonance between discourse and practice in the construction of ALBA, given that the official proposal presents it as coming “from the people,” but in practice what represents the concrete existence of ALBA are the inter-governmental agreements signed by three heads of state, with little visible and direct popular participation in the process of developing these actual accords.<sup>44</sup>

In *Constructing ALBA ...*, there is a strong emphasis on openness to popular participation, both in planning and administration. The document gives concrete outlines for the creation of one clear form of popular participation (the participatory budget at the local level); three public mechanisms for transparency (referenda, budget declarations and plebiscites); and three proposals aimed towards the institutional political class (mayors and parliamentarians). The proposal presented by the Bolivarian People's Congress, item 17, “Protagonist and Participatory Democracy,”<sup>45</sup> lays out seven policies:

1. Implementation of participatory budgeting at the local level.
2. Constitution of the Latin-American and Caribbean Network of Mayors.
3. Strengthening of the Latin-American Parliament (based in São Paulo, Brazil), with direct election of its representatives.
4. Constitution of the Latin-American and Caribbean Network of Parliamentarians.
5. Implementation of revoking referendum petitions for all elected posts.
6. Public declaration of budget and income for all in elected posts.
7. Facilitation of mechanisms to convoke plebiscites and other popular consultation instruments.

While some of the harshest criticisms of Chávez in the international press cite his supposed abuse of his nation's oil wealth to push forward his own political agenda, one can see that, at the very least in rhetoric, the ALBA proposal aims to create much more than just a network of industrially savvy demagogues uniting to build resource wealth among their respective nations. This rejection of the simplistic “hard integration”—an integration shallowly rooted in pipelines and mass commodity exchanges—is key not only to ALBA's discursive underpinnings, but also to its future success.

This is to say that if the seven steps above are not realized to the fullest extent possible, and if environmental and social activists do not play an increasingly important role in the ALBA process (see below), the project itself will risk alienating its core constituency in the social movements. In such a situation, the democratically elected Chávez and Morales would risk seriously compromising their strong domestic political mandates. Subsidiarity, a founding principle of EU integration that impels governments to take on problems at the lowest possible and appropriate administrative level, i.e., the city or state/provincial, must also be held to in the implementation of ALBA's founding principles in order to maximize the program's legitimacy within each participating nation.

## Social movements: important supporters

Consciousness of ALBA is not yet particularly high within the region's social movements and political leadership. There are very few serious analytical documents on the topic, and even fewer that present concrete proposals from civil society groups for the process.

However, recent public discussions and debates about ALBA indicate that the project is beginning to draw more and more attention. The 2005 World Social Forum in Porto Alegre, Brazil was a key promotional opportunity for Chávez. The ALBA proposal, albeit only vaguely understood at the time, was well received by key social movement representatives at the Forum and has, **on a number of occasions, received open support, expressed in declarations, congresses and meetings of various groups.**

ALBA's proposal to build itself “from the people” makes explicit mention of the project's relationship with specific social movements. Item 8, “Land, Food Sovereignty and Land Reform,” affirms that ALBA will push forward “the strengthening of a single nucleus of the rural organizations of *Nuestra América* (Our America), by means of supporting the Latin-American Coordinator of Rural Organizations (CLOC).” Item 10, “The University,” states that ALBA will seek to “strengthen OCLAE [Latin-American and Caribbean-

43 Ibid.

44 Lander, op. cit., p. 2.

45 Bossi et al., op. cit., p. 19.



an Students' Organization] as a Federation of Latin-American and Caribbean University Students."<sup>46</sup>

Amongst the most important recent declarations of support that ALBA has received were precisely the final declarations made at gatherings of two key Latin American social movements: the fourth CLOC/Via Campesina Latin America Congress, held in Iximulew, Guatemala, and the third Americas People's Summit, held in Mar del Plata, Argentina. The CLOC/Via Campesina summit, held in October 2005, gathered 178 representatives from 88 peasant and indigenous organizations, from 25 countries. The congress' final declaration affirms:

"We declare ourselves in permanent mobilization against free trade, the World Trade Organization (WTO) rules and all the economic domination instruments imposed by the United States and the European Union. We add ourselves to the Bolivarian Integration Alternative for the Americas (ALBA) and commit ourselves to contribute to its formulation, development and future application. (...) We support the initiatives for justice for the rural areas and land reform promoted by the Bolivarian revolution in Venezuela."<sup>47</sup>

The most recent expression of support for ALBA, despite coming in the form of a rather timid text, was given by a broad diversity of social and indigenous peoples' movements, labor unions and other organizations assembled at the third Americas People's Summit in November 2005. The People's Summit was held alongside the now infamous Americas Summit, where US President George W. Bush failed in his attempt to close negotiations on the FTAA and was met with mass protests and riots.<sup>48</sup> The final declaration reads, "We will make efforts to support and push forward alternative regional integration processes, such as the Bolivarian Alternative for the Americas (ALBA)."<sup>49</sup>

It is worth noting that, as these somewhat vague demonstrations of support suggest, ALBA does not effectively exist outside of the Venezuela-Cuba-Bolivia agreements. The social movements' declarations point out that their participation in the building and administration of ALBA still depends on a long political process and on the configuration of forces that Chávez will need to orchestrate in the coming years. However, it is already possible to say that, politically, ALBA has the support of a diverse base coming from a range of key Latin American social movements. Such support was reciprocated by the attitude of president Chávez in Mar del Plata, when he placed himself side by

side with the members of social movements and political organizations at the People's Summit in demonstrations against Bush and the creation of the FTAA.

Since the Summit, relations between Chávez and the social movements have grown deeper through two additional meetings.

One was in Venezuela during the last polycentric World Social Forum (January 2006), where a group of delegates from the social movements assembly (including women, environment activists, young, peasants, anti free trade activists, workers, among others) met Chávez and exchanged views about the present situation in the Americas.

In Vienna, during the "Linking Alternatives 2" social encounter (May 2006), Presidents Chávez and Morales met with delegates from social movements and NGOs from both Latin America and the Caribbean region. During the meeting, Chávez proposed to deepen the level of cooperation between social movements and the Venezuelan and Bolivian governments under the umbrella of ALBA, in order to shape more concrete initiatives. As an example of such projects, Chávez and the influential Brazilian Landless Worker's Movement (MST) leader, João Pedro Stedile, described two common projects that they are developing with Venezuelan peasants.

This dialogue was expected to continue to grow during 2006. Although some social movements are uncomfortable having such close dealings with governments, there is a consensus based on the content of Chávez proposals that makes this dialogue easier. From its very beginnings, ALBA took an important set of ideas from "Alternatives for the Americas" a proposal built by the Hemispheric Social Alliance, a key regional social movement actor, during the early years of resistance to the FTAA.<sup>50</sup>

## Concrete proposals for institutionalizing ALBA

The Constructing ALBA ... document divides the ALBA proposal into 19 separate issue areas: 1. Oil and Energy; 2. Communication and Transportation; 3. Military; 4. External Debt; 5. Economy and Finance; 6. Light and Basic Industries; 7. Natural Resources; 8. Land, Food Sovereignty and Land Reform; 9. Education; 10. University; 11. Scientific and Technological Development; 12. Mass Media; 13. Health; 14. Gender; 15. Migrations-Identity; 16. Habitation; 17. Protagonist and Participatory Democracy; 18. Indigenous Movement; 19. Workers Movement.

46 Ibid., p. 10; 13.

47 "Declaração do IV Congresso da Coordenadora Latino-americana de Organizações do Campo (CLOC)," [trans: Declaration of the fourth Congress of the Latin American Coordinator of Rural Organizations] October 13, 2005. <http://www.rebellion.org>

48 Bumiller, op. cit.

49 "Integration is possible and necessary; Final Declaration of the III Americas People's Summit," Mar del Plata, Argentina, November 4, 2005.

50 See the Hemispheric Social Alliance website, <http://www.asc-hsa.org>.

For each of these issues, the document lists of a number of policy proposals that suggest the creation of new agreements and regulations in the areas of trade, finance, migration, labor and environment, and also foresees the creation of new institutions, centers, networks, commissions, companies, funds, banks, campaigns, corporations, universities and confederations of all kinds. This host of new semi-independent institutions under the regional umbrella of ALBA would be the bureaucratic driving force behind the Bolivarian alternative. The ALBA agreements signed in December 2004 between Cuba and Venezuela and in April 2006 between Bolivia, Cuba and Venezuela include many, but far from all, of these issue areas in their proposals. These accords were based on what is now referred to in Venezuela as the “ALBA method” -- a guiding framework set out in *Constructing ALBA ...* as well as in a handful of Chávez’ speeches and other government documents that is the tacitly understood basis for a counter-hegemonic integration for the Latin America and the Caribbean.

Different from the FTAA, which pursues agreements to promote free trade, liberating corporations from the institutional control of states and their environmental or labor protection provisions, ALBA proposes an integration that not only opposes such neoliberal reforms, but also goes far beyond the simple signing of agreements and laws. Under the framework proposed by the Bolivarian Congress, ALBA is to be constituted as a collection of institutional bodies designed to furnish a new political space for the joint formation of policy solutions and cooperation frame-

works for each of the 19 items mentioned above, with each body closely attached to already existing state structures. Under the “ALBA method,” a guiding set of principles for this new form of political integration, and manifested in the existing agreements between Venezuela, Cuba and Bolivia, these institutions are presently taking shape.

Beyond these bureaucratic constructions, ALBA includes the creation or expansion of a number of Latin American public corporations, such as PetroSur (the recently-formed association of oil state corporations); a Latin American and Caribbean Energy Company (association of state corporations in this area); GasSur (an inter-state corporation for exploration and commercialization of natural gas); the Latin American and Caribbean Airline (LALC); the Insurance Company of the South; the Cooperative Bank of the South (with “Nuestra America” [Our America] credit cards); the television company of the South (TeleSur); the Latin-American and Caribbean Radio Network; a joint publishing corporation and record label; and the National Latin American Communications Corporation; among others. A proposal for a 7,000-kilometer gas pipeline linking Venezuela, Brazil, Bolivia and Argentina is also currently under negotiation, though it has been met with strong resistance from civil society, especially from environmental and indigenous rights groups.<sup>51</sup>

Argentina, Bolivia, Brazil and Venezuela have also discussed the creation of a “Bank of the South” (Banco del Sur) to promote social and economic development and to allow more autonomy from IMF policies and loan conditions in the region. Recently, both Brazil and Argentina have made extremely large debt payments to the IMF long before their due dates in an effort to free themselves from various policy burdens placed upon them as a result of agreements made during the 1998 Brazilian and the 2001 Argentinean financial crisis.<sup>52</sup>

The vast number of institutions, corporations, agreements, commissions, etc., is truly impressive and would demand, in order to be successful, an extremely high level of affinity and trust between the Latin American governments. The current political climate in the region is heavily divided on a few key issues, which makes it hard to imagine the implementation of the whole swath of measures in the very immediate future.

Photo: <http://colombia.indymedia.org/>



Hugo Chavez at a rally

51 See “South America: Criticism Rains Down on Mega Gas Pipeline,” Mario Osava, *Tierramérica*, reprinted in English by Inter Press Service. June 1, 2006.

52 *Idem*.

# ALBA's future prospects: breakdown by countries

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## **Under Morales, Bolivia becomes ALBA's newest member**

A friend and strong supporter of Chávez, Bolivia's recently elected President Evo Morales of the "Movement Toward Socialism" (MAS) party has become a central figure in the construction of ALBA. His campaign promises included a near-total rebuff of United States participation in his country's economy and a move towards independence through economic cooperation with alternate trading partners, as well as nationalization of all hydrocarbon resources in the country.

Shortly after his election on December 18, 2005, Morales made a pre-inauguration world tour of eight countries—Cuba, Venezuela, Spain, France, Belgium, China, South Africa, and Brazil—making it clear that he will not isolate himself from foreign partnerships. He also broke with a long-running tradition of Bolivian Presidents-elect making their first state visit a trip to Washington. In Cuba, he declared Fidel Castro and Hugo Chávez to be "the commanders of the forces for the liberation of the Americas and the world."<sup>1</sup>

On April 29, 2006, Morales took the actions that many had been waiting for, officially signing onto ALBA in Havana, and two days later, declaring the nationalization of all hydrocarbon resources in Bolivia. Under ALBA Bolivia has received from Cuba commitments of assistance in health and education (through more than 700 Cuban doctors and teachers and the donation of medical equipment and supplies) and from Venezuela both cash aid and support in the energy sector in exchange for agricultural commodity exports.<sup>2</sup>

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1 El Tiempo, "Evo Morales terminó visita a Cuba, donde obtuvo apoyo médico y educacional para su país," [Trans: Evo Morales ends visit to Cuba, where he received medical and educational support for his country]. January 1, 2006.

2 Prensa Latina. "A integração ganha força com base na ALBA". [Trans: Integration gains strength based on ALBA]. Bolívia, 27 de maio 2006.



While the nationalization appeared at first to pose a serious threat to Bolivia's relations with neighboring countries, in particular Brazil given Petrobras' position as a major player in Bolivia's gas sector, Morales has managed to diffuse such fears. It appears that he will follow a similar path to Chávez' in the course of his own nation's nationalization of hydrocarbon resources, seeking to renegotiate the terms of extractive partnerships with foreign multinationals as opposed to simply sending them packing; in a recent visit to France, he noted that nationalization was not necessarily equal to full expropriation.<sup>3</sup> The full impact of this nationalization, however, and the extent of the structural changes to the country's energy sector have yet to be seen; there is at the time of writing still only speculation as to the final outcomes of accords with the more than 15 major multinationals that hold stakes in Bolivia's gas industry.<sup>4</sup> At the very least, it can be certain that if extraction continues, the Bolivian state will be receiving a much larger share of profits than ever before in the nation's history (see the following section for details on Brazilian negotiations).

Morales' history of support for Chávez and ALBA is longstanding. For the Summit of the Americas in November 2005, Morales rode into Mar del Plata from Buenos Aires with Argentine football legend, Diego Maradona, and hundreds of other protesters aboard the "ALBA express," a train chartered to bring protesters to the summit. While at the event, Morales spoke publicly and appeared on stage with Chávez to much applause.<sup>5</sup>

Morales' history with the US also left few surprised at his post-election actions. During the run-up to the 2002 election, the US embassy in Bolivia threatened to withhold all aid to Bolivia if Morales were elected. They held back on such statements during this more recent election season, however, and after the election US Ambassador, David Greenlee, held a number of meetings with Morales hoping to come to a friendly solution to the numerous issues on the table.<sup>6</sup> Since the nationalization, however, it is unclear in what direction the two nations' relations will move. US Secretary of State Condoleezza Rice and President George W. Bush have both made what can only be seen as deliberately vague statements about Morales and his supposed break with the principles of democracy. On May 22, Bush told reporters, "I'm concerned—let me just put it bluntly—I'm concerned about the erosion of democracy in the countries you mentioned [Bolivia and Venezuela]."<sup>7</sup> Since nationalization, Morales' national popularity

has reached all time highs, even in the city of Santa Cruz, where his approval rating showed a jump of 24 percentage points to 74%, after he had faced the strongest opposition during the election.<sup>8</sup>

Less than a month after the nationalization Bolivia signed a USD 1.5 billion agreement with Venezuela concerning a series of projects to be carried on in different areas by YPFB (the Bolivian state-owned oil and gas company Yacimientos Petrolíferos Fiscales Bolivianos) and PDVSA (Venezuela's national oil company Petróleos de Venezuela). Both companies have signed a document agreeing to discuss the potential creation of a co-owned oil company called "Petroandina". The predicted Venezuelan investment in the energy cooperation with Bolivia is about the same amount as were Petrobras' investments during the last decade. The agreement also includes the immediate exchange of Venezuelan oil for Bolivian soy, saving Bolivia from a potentially ruinous soy surplus created by their loss of Columbia as a trading partner after an FTA was signed between the US and Colombia which threatened to flood the Colombian market with cheap, subsidized US soy.<sup>9</sup>

His second key position—most certainly more controversial outside than inside the country—is his desire to decriminalize the cultivation of the coca leaf. Morales rose to power on this platform as the leader of the "coccaleros," or coca farmers. In addition to farming coca, a great many Bolivians regularly chew the leaf and make tea from it in the same way that people in other countries use coffee or tobacco, as a mild stimulant. It is unclear at present where Morales will finally stand on this policy, though the present situation indicates that he is not likely to heed the word of US officials on the topic.

Morales originally ran for president in 2002 and came in a close second. He went on to be an important leader in the so-called "Gas War" of 2003 that culminated with the fall of Bolivian president Gonzalo "Goni" Sanchez Lozada. The indigenous movements demanded the nationalization of hydrocarbons in the country and the cancellation of a plan to build a multi-billion dollar pipeline to export natural gas to the US and Mexico, an agreement by then signed with transnational corporations British Oil, British Petroleum, and Repsol/YPF.<sup>10</sup>

The fact that the agreement would make the Bolivian government pay Chile to use of Chilean ports was one of the main issues that deepened the conflict. Bolivia and Chile have a historical feud dating back to the War of the Pa-

3 Antonio Luiz M. C. Costa, "Entre Lula e Chávez, Bolivia: As realidades de seu país levam o presidente eleito pelo caminho do meio," [Trans: Between Lula and Chávez, Bolivia: The realities of his country take the president elect down the middle path] Carta Capital (Brazilian news weekly), January 18, 2006.

4 "Bolivia; Evo Sticks to his Word," Petroleum Economist, June 5, 2006.

5 "Evo Morales, Maradona travel together to American 'anti-summit'," Xinhua General News Service, November 3, 2005.

6 Roger Burbach, "Bolivia's Realignment," Z Net, May 8, 2006.

7 "US Concerned with Irresponsible Governance in Latin

America," States News Service, May 24, 2006.

8 "Bolivia: Morales Floats Land Reform Proposal," Andean Group Report, June 6, 2006.

9 El Universal. "Aliança binacional Bolívia-Venezuela multimilionária." [Trans: Multimillionaire bilateral Bolívia-Venezuela alliance]. La Paz, 26 de maio 2006.

10 Ariel Finguerut, As guerras da água e do gás na Bolívia [trans: The gas and water wars in Bolivia]. UNESP, Araraquara, Brazil, 2004.

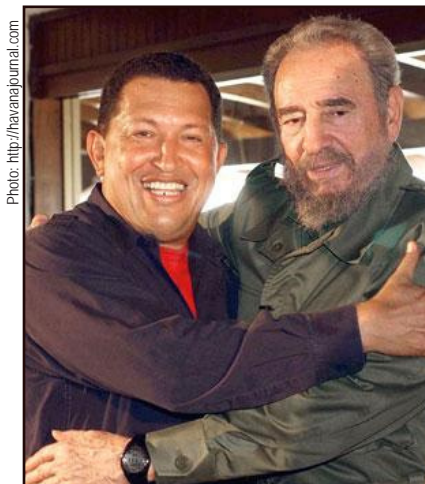
cific in 1879, when Chile took over the only part of Bolivian territory with access to the ocean. This historical element greatly increased the tension around using Chilean ports. Instead of selling the gas to foreign investors, many Bolivians affirm that they want the gas to be nationally industrialized, due to the enormous need for employment and income, especially among the indigenous population.<sup>11</sup>

## Cuba as ALBA co-founder

Cuba's presence as ALBA's co-founding nation brings both immense assets and heavy liabilities to the alliance. While the nation is recognized internationally as a leader in the provision of high-quality socialized medicine and public education (Cuba has more doctors per capita than the US and a startlingly high 100% literacy rate according to UNICEF<sup>12</sup>), the nation's indefatigable socialist President, Fidel Castro, bears the dubious distinction of being the world's longest standing executive head of state, in power since leading the 1959 revolution. As the Soviet Union's key ally in the Western Hemisphere, Castro, along with his close friend and advisor, Ernesto "Che" Guevara, spent much energy in the 1960s and 70s on "exporting revolution" in Latin America and Africa. After Guevara's death in Bolivia in 1967 and the subsequent fall of numerous Latin American nations during the 1970s and 80s into the control of US-friendly dictatorships, this revolutionary work became harder. After the US imposed a trade embargo in 1962 that continues to the present, Cuba became highly dependent on trade with, and subsidies from, the Soviets to keep the nation running.

After the collapse of the Soviet Union, Cuba entered what is known as the "Special Period," a time of severe economic crisis that began in 1991 with the abrupt halt of oil deliveries from the Soviets to which the nation had become accustomed. After major overhauls in the agrarian sector that decreased petroleum and petrochemical dependencies and changes in transportation and industry designed to make up for the hydrocarbon shortages, the nation began to emerge from the crisis, though living standards have yet to return to pre-1991 levels.<sup>13</sup>

In this historical context, it is obvious that Cuba has much to gain from ALBA, particularly through Venezuela's petroleum exports to the previously oil-starved nation. ALBA can in this sense be seen as filling the gap left by the Soviet Union in the Cuban economy. As such, Cuba has little to



Hugo Chavez and Fidel Castro in Havana

lose through the alliance. Chávez, however, by choosing Castro as his primary partner, makes it obvious that his alliance-building strategy is not about finding a middle path between existing ideologies in the region. While calling himself a "social democrat," a term also used by many moderate European heads of state, his partnership with Castro clearly posi-

tions Chávez' politics as a stark and distinct alternative to US-friendly development and integration strategies.

Whether or not this partnership will be an overall liability for ALBA remains to be seen. For the time being, it seems that the complementary assets of Bolivia, Venezuela and Cuba will likely make for an interesting and mutually beneficial partnership. With the former two nations bringing to the table their vast resource wealth that has contributed little in terms of real development by the majority of their populations, and with Cuban expertise in providing exceptionally strong social services such as health care and education to its people with minimal cash and commodity resources, it is obvious that the match has great potential for complementary gains.

On the political front, what has become apparent already is that Venezuela's alliance with Cuba along with Chávez' uncompromising recent political moves (for example, his impending withdrawal from the Andean Community as a result of US-Peru and US-Colombia bilateral trade agreements) are making it clear to the rest of Latin America that it is an increasingly bipolar hemisphere in which it may be necessary to choose sides. As we describe below, Brazil's Lula is perhaps the most conflicted of the key regional leaders in this regard, still trying to chart a path that leaves him friendly with both Bush and Chávez.

## Brazil's ambiguous role in the region

Although social movements identify the FTAA as an imperialist project of the US government over Latin America, when one looks to internal relations within Latin America, Brazil, the region's economic, demographic, and territorial giant, often bears the mantle of local imperialist in relation to its neighbors.

There is an ambiguity in the attitude of Latin American countries towards Brazil and of Brazil towards them. On certain issues, it is seen as strategically important for the countries in the region to have a strong, single leader. Bra-

11 David Rieff, "Che's Second Coming?," *New York Times Magazine*, November 20, 2005. Also see Ben Dangl, "Interview with Evo Morales: Legalizing the Colonization of the Americas," *Counterpunch*, December 2, 2003. <http://www.counterpunch.org/dangl112022003.html>.

12 UNICEF, "At a Glance: Cuba," Accessed June 22, 2006. [http://www.unicef.org/infobycountry/cuba\\_statistics.html](http://www.unicef.org/infobycountry/cuba_statistics.html)

13 See Fernando Funes, Luis Garcia, Martin Bourque, Nilda Perez and Peter Rosset (eds.), *Sustainable Agriculture and Resistance* (Berkeley: Food First Books), 2002.

zil has regularly taken on this role, and in certain circumstances been able to alleviate some of the external pressure placed by the US upon the region's weaker states. Ironically, the WTO has been one of the most fruitful venues in this regard—Brazil's cases against the US on cotton and steel brought many thanks from affected countries around the world.<sup>14</sup> In another way this leadership comes at the price of a more interventionist and domineering attitude from Brazilian foreign policy-makers.

In Haiti, for instance, Brazilian in the leadership of UN forces is also emblematic of the country's ambiguous foreign policy in Latin America. The nation acts **both as a leading force for integration and, in a certain sense, as an imperialist force**. The Brazilian command of UN troops in Haiti has been used by the US as a test of its regional leadership, and is used by Brazil as a point in favor of its ever growing demand—especially under Lula's administration—for a permanent seat at the UN Security Council, with an eye to the remote chance that it might be expanded.<sup>15</sup>

At the trade level, Petrobras, the Brazilian state oil company, is **emblematic of the Brazilian ambiguous attitude towards Latin America**. Petrobras has an expansionist strategy for Latin America. In Ecuador, the corporation acts like any private, transnational corporation, giving priority to shareholder interests and profit rates. The corporation is strongly criticized for extracting oil in the natural and biological preservation areas of Orellana and Yasuní, territories also occupied by indigenous peoples.<sup>16</sup>

Petrobras extraction “destroys subsistence areas, community structures and the families' health.” In June 2005, more than 120 indigenous people from the Huaorani community, in the Ecuadorian Amazon, demonstrated in protest in the streets of Quito, the country's capital, against the expansion of the “oil frontier” in the region. The central objective was to stop Petrobras building a new road in the area.

Petrobras denies these allegations in official documents and affirms that it has supported “the development of local communities through projects that promote, in the long term, their self-sustainability, based on community self-administration and in the interest and rights ... of the citizens.”<sup>17</sup>

Not only is Petrobras already present and operating inside ecological reserves, but the current Brazilian foreign policy

is precisely based on the selling of natural commodities in order to service the external debt.

**Social movements and communities affected by the corporation's activities** frequently demand that Brazilian social movements promote domestic mass mobilizations against Petrobras and its activities abroad. However, within Brazil, Petrobras has been, since its creation, associated strongly with national sovereignty and is widely respected as one of the few public corporations that is internationally competitive and that develops high-level technology. As such, Petrobras enjoys very high esteem within Brazilian society, even acting as a source of pride for the nation's people. It is very unlikely that there will be large demonstrations by Brazilian social movements against Petrobras, even though the issues raised by the country's neighbors are legitimate.

In Bolivia in 2005, Petrobras accounted for 18% of the national GDP,<sup>18</sup> and controlled around 25% of natural gas, in addition to being the owner of 50% of gas pipelines and two gasoline refineries in the country. Since 1996, the company has invested USD 1.5 billion in Bolivia plus additional USD 2 billion to take the gas to Brazilian consumers<sup>19</sup>, and, since 2001, the corporation has been prospecting for natural gas and oil in the towns of San Alberto and San Antonio.

Bolivian President **Evo Morales**, elected in December 2005 with a commitment to nationalize all of the nation's hydrocarbons, was left with a tricky task—actually fulfilling his commitment to nationalize without alienating important national allies such as Brazil who hold such high stakes in the country's resources. Visiting Brazil on a January 13, 2006, a week before his inauguration as President, Morales assured Brazilian President Lula that his nation's investments in Bolivia would not be affected negatively by any new policies.<sup>20</sup> Three and a half months later, on May 1, 2006 the Bolivian army occupied the exploration fields of foreign companies in the country and Morales declared the nationalization of gas and oil exploration.<sup>21</sup>

The nationalization decree put into practice a law approved by the Bolivian legislature in 2005 as a result of the street demonstrations led by indigenous people's movements and of a referendum in 2004, in which 92% backed the

14 “Brazil pleased with WTO cotton decision,” Agence France-Presse, June 18, 2004.

15 Verena Glass, “Brasil no Haiti será laranja dos EUA, dizem ativistas,” [Trans: “Brazil in Haiti will be the pawn of the United States, say activists”] *Rebelión* - www.rebelion.org, originally published at Agencia Carta Maior. May 13, 2004.

16 *Brasil de Fato* (Brazilian grassroots newspaper), “Petrobrás, desrespeito ao meio-ambiente,” [trans: Petrobras, disrespect to the natural environment] p. 6, November 17, 2005.

17 *Ibid.*

18 Bel Mercês, “A Bolívia para os bolivianos”. [Trans: Bolivia for the Bolivians]. *Brasil de Fato*, January 19-25, 2006.

19 *Folha de S. Paulo* (Brazilian Newspaper), “Entenda a atuação e os interesses da Petrobras na Bolívia”. [Trans: Understanding the interests and the work of Petrobras in Bolívia]. *Folha Online*. May 1st, 2006.

20 *La Nacion* (Argentine Newspaper), “Evo Morales afirmó que no afectará los intereses de Brasil: Garantizó las inversiones en su país,” [Trans: Evo Morales affirms that he will not affect Brazil's interests: guarantees investments in his country]. *January 14, 2006*.

21 *Folha de S. Paulo* (Brazilian Newspaper), “Exército ocupa campos de petróleo e gás na Bolívia” [Trans: Army occupies oil and gas fields in Bolívia]. *Folha Online*. May 1st, 2006.



nationalization of oil and gas.<sup>22</sup> Through this measure, the main foreign companies had to turn over their properties to the state corporation Yacimientos Petrolíferos Fiscales Bolivianos (YPFB) which will decide upon selling conditions, including prices and volumes sold internally and to the external market.<sup>23</sup>

While Petrobras representatives called the nationalization a "unilateral" decision by the Bolivian government and stated that it had substantially affected operating conditions in the country, in the end the nationalization did not affect supply contracts between Petrobras and YPFB, resulting in no risk of gas shortages in Brazil.<sup>24</sup>

The decision put President Lula under enormous internal pressure, as the national media and prominent public figures called for a harder response from Brazil in order to regain control of the oil fields taken over by the Bolivian Army.<sup>25</sup> Lula, however, acted calmly and through diplomatic dialogue in order to renegotiate prices with the Bolivian government. On May 29, 2006 Evo Morales declared that the army should retreat from the 56 oil facilities which belonged to Brazilian Petrobras, Argentine/Spanish Repsol/YPF, French Total and British Gas and British Petroleum,<sup>26</sup> which had been occupied by more than three thousand Bolivian soldiers since the May Day nationalization decree.

In recent years the Brazilian government has strongly encouraged many industrial sectors—and mainly in its largest city, São Paulo—to shift their energy supply source from oil to natural gas. The possible threats posed by nationalization of hydrocarbons in Bolivia, although this episode was solved fairly quickly at the diplomatic level, have brought to the fore a serious debate in Brazilian society on the need to develop alternatives to the "Bolivian Dependency" for the nation's natural gas.<sup>27</sup>

22 The Economist. "Now it's the people's gas". p. 37-38, May 6th – 12th, 2006.

23 Folha de S. Paulo (Brazilian Newspaper), "Petrobras vai analisar junto com governo reação à medida de Morales", [Trans: Petrobras will analyze Morales's adopted policies together with the Government]. Folha Online. May 1st, 2006.

24 Ibid. "Petrobras vai analisar junto com governo reação à medida de Morales", [Trans: Petrobras will analyze Morales's adopted policies together with the Government]. Folha Online. May 1st, 2006.

25 Ibid. "Chaves vê pressão sobre Lula para endurecer com Bolívia". [Trans: Chavez sees pressure over Lula to get hard with Bolívia]. Folha Online. May 12, 2006.

26 Agência EFE. "Morales ordena que militares deixem campos petrolíferos". [Trans: Morales orders the army to retreat from oil fields]. La Paz, May 29, 2006.

27 Energy dependency has become an increasingly important worry for national governments, as countries need to import an ever-increasing amount of oil and gas. In the case of the European Union for instance, the dependency comes from the gas pipeline from Russia, controlled by the state ruled Gazprom, which owns 16% of the world's gas reserves. The European constant demand for gas and the Russian constant need for export revenues has resulted in a tense relationship that now

Hugo Chávez has played a mediating role in the region both during the Bolivia nationalization episode as well as in the recent debacle that arose between Argentina and Uruguay over the building of paper factories on the Uruguayan side of the Plata river frontier: "There won't be a rupture, as some might desire, between Brazil and Bolivia, or Argentina and Uruguay. ... There is a strong desire for integration in the region," Chávez told the press.<sup>28</sup>

ALBA's attitude opposes the current practice and ideology of promoting the unlimited exploitation of natural resources. In particular, ALBA opposes the conversion of precious natural resources into exportable commodities used only to generate the cash surplus required to pay interest on external debt. ALBA's integration strategy, though somewhat vague, proposes an integration that is built upon a different relationship of humanity to nature.<sup>29</sup>

One of the concrete attempts at regional integration beyond trade, in the spirit of ALBA, has been expressed during recent talks among Brazil, Venezuela and Argentina on cooperation in the energy sector, with a special focus on natural gas. On January 19, 2006, Kirchner and Chávez met with Lula in Brasilia to discuss the construction of the South American Gas Pipeline, a 7,000 km long pipeline that would generate about one million jobs during its construction and which is expected to stimulate and bring benefits to a wide array of industries alongside it. Bolivia has also been included in the pipeline project proposal that involves Petrobras, Argentina's Enarsa, Petróleos de Venezuela (PDVSA), and the newly added Yacimientos Petrolíferos Fiscales Bolivianos (YPFB). This is of particular significance, as Bolivia has the second-largest reserves of natural gas in the continent, behind those of only Venezuela itself.<sup>30</sup> The cost of building such a pipeline is estimated at USD 23 billion.

Even as a newcomer to the project, Bolivia made a move to restrict the participation of Petrobras, under the argument that only state companies could take part. Petrobras, which is 55.7% government-held, would thus not fit the criteria. Brazilian Foreign Minister Celso Amorim replied saying that if Petrobras does not participate, "There simply will not exist a Southern Pipeline, but only a Western pipeline."<sup>31</sup>

worries the European Parliament, working now to approve an EU Energy Pact that would bring alternatives to such dependency. The Economist, "Who's afraid of Gazprom?". p. 61-62, May 6th-12th, 2006.

28 Folha de S. Paulo (Brazilian Newspaper), "Chaves vê pressão sobre Lula para endurecer com Bolívia". [Trans: Chavez sees pressure over Lula to get hard with Bolívia]. Folha Online. May 12, 2006.

29 Lander, op. cit., p. 46.

30 La Jornada. "Avanza plan de Argentina, Brasil y Venezuela del gasoducto sudamericano". [Trans: Argentina, Brazil and Venezuela's plan to build the South American gas pipeline moves forward]. January 20th, 2006.

31 Folha de S. Paulo (Brazilian Newspaper). "Morales nega expulsar Petrobras e fala com Lula amanhã" [Trans: Morales denies expelling Petrobras and talks to Lula tomorrow]. Folha



Rafael Ramírez, Venezuela's Energy and Oil Ministry, has confirmed—despite the crisis generated by the nationalization of the hydrocarbons in Bolivia—a meeting in Caracas on July 7, 2006 to discuss the pipeline among technicians and ministries from the four countries.<sup>32</sup> <sup>33</sup>Besides that, it has always been understood that Brazil's foreign and trade policy has been driven by the view that further trade liberalization is in its interests. The aim of this strategy is to secure greater access to North American and European markets that would then lead to the purchase of even more Brazilian export commodities.

Brazil's recent strategy at the last WTO Ministerial in Hong Kong is the clearest sign of the nation's ambiguous role in the region. In order to push forward a trade agreement with developed countries, the Brazilian diplomacy silenced other important developing countries such as Venezuela, Cuba, Indonesia and South Africa, which were against the proposed outcome. That expresses the entrance of Brazilian foreign policy in the *status quo* framework of power within the WTO, what may result in the emergence of other leading developing countries, including from South America, in opposition to Brazil's recent moves.<sup>34</sup>

## Brazil's complicated relations with the US

Before Lula became President in 2003, and above all during the former President Fernando Henrique Cardoso's two terms, Brazilian foreign policy had always sought to stay very close to US positions, both on political and trade issues. However, Brazil has always had a diversified trade agenda with many other countries, which makes the country less dependent of US trade relations than many of its neighbors. This is one among a number of important factors that make the Brazilian trade situation more comfortable than that of other countries in the region.

This diversification has made it possible for Lula to undertake a number of aggressive international political maneuvers, such as the creation of the G20 or opening the debate on pharmaceutical patents, sometimes confronting US positions openly. At the same time, if the US eventually

iconcedes to Brazilian (or G20) demands for more access to developed countries' markets for agricultural commodities, Brazil will also open up to the key US areas of interest, mainly in services and industrial sectors.

It is worth noting that Brazil's conflict with the US is not based on different conceptions of international trade, but only on the contradictory strategy of the US in expressing a liberalizing discourse while practicing a protectionist domestic policy, which they condemn in others.

Brazil's current foreign policy acts within very narrow limits, and does not have one single strategy. Depending on the issue at stake, the country can be progressive, but may turn completely conservative. A case in point was Lula's recent reception of George W. Bush with full diplomatic honors and a luxurious barbecue celebration, and, a few days later, the same treatment offered to Hugo Chávez, as if this was quite normal and coherent. Bush himself, in a recent visit to Brazil, has reinforced Lula's—in fact, Brazil's—role as regional leader and interlocutor on trade issues, and also political ones, especially regarding what Bush refers to as the growing tensions with President Chávez.<sup>35</sup>

## Argentina's Kirchner key ALBA supporter

The potential for Argentina's full-fledged participation in ALBA is perhaps greater than Brazil's. Since Argentina's paralyzing economic and monetary crisis in 2001, mass protests and an upsurge in social movements have given political leaders, most notably current President, Néstor Kirchner, a strong mandate to take bold action at an international level to rescue the once-rich nation from the depredations of the global economy and the international financial institutions. This involved a brazen default on external debt to international organizations and private creditors, as well as an open rejection of the IMF's austerity measures and, more broadly, to the neoliberal project as a whole. He has also made important alliances with trade unions and pushed strong social programs that have allowed him to maintain startlingly high popularity across the socio-economic and political spectrum, especially in light of his relatively unknown status before the elections.<sup>36</sup>

Kirchner has also publicly indicated an affinity for Chávez and a desire to increase ties with Venezuela both in international forums and through the recent co-financing of TeleSUR, as well as the very popular exchange of Argentine cattle for Venezuelan oil. Additionally, Chávez funded (through a loan package) Argentina's early exit from all of

Online. May 12, 2006.

32 Ibid. "Ministro venezuelano confirma reunião sobre gasoduto do Sul". [Trans: Venezuelan Minister confirms meeting about the Gas South Pipeline]. Folha Online. May 22, 2006.

33 [Editor's Note] Associated Press reported on 27 July 2006 a Venezuelan government statement that 'Russian energy company OAO Gazprom will join a Venezuela-backed project to build a South American natural gas pipeline ... to link Venezuela's vast natural gas reserves through Brazil to Argentina, with branches extending to Bolivia, Paraguay and Uruguay'. <http://news.moneycentral.msn.com/provider/providerarticle.asp?feed=AP&Date=20060727&ID=5903103>

34 Interview with Walden Bello by João Peschanski. Brasil de Fato, January 19-25, 2006.

35 El País (newspaper). "Bush ofrece apoyo a Lula como líder regional." [trans: Bush offers support to Lula as regional leader], November 8, 2005.

36 Andrés Gaudin, "The Kirchner Factor". NACLA Report on the Americas, January/February 2005, p. 16.

its IMF debts and resultant policy commitments.<sup>37</sup> Smartly noting that Chávez is a wildly popular figure in both Argentina as well as Venezuela, Kirchner has not made any serious attempts to distance himself from the would-be leader of the Bolivarian revolution.<sup>38</sup> But at the same time, this should not be taken as an indication that Kirchner is about to stick his neck out and immediately jump onto the ALBA bandwagon with Chávez and Castro. Such a move would be certain to anger the United States and possibly further alienate Argentina from Brazil,<sup>39</sup> those two economic giants being Argentina's most important trading partners. Though one might point to the recent stand of Brazil and Argentina against the FTAA as evidence of their concrete interest in an alternative like ALBA, many have speculated that this resistance is more of a calculated hold-out than a principled stand on the part of Lula and Kirchner, each one taking advantage of anti-US sentiment within the region and the political capital that comes with it to drive a hard bargain for more favorable US market access for Brazilian and Argentine agricultural commodities.<sup>40</sup>

## Mexican elections deepen regional divide

The possibility of Mexico's joining onto ALBA is now extremely unlikely in the short term following the election of the pro-US, pro-free trade candidate in July 2006. Felipe Calderon, whose narrow victory in the 2 July poll was finally confirmed amid great controversy on 6 September. Although Calderon was hand-picked by his predecessor Vicente Fox, his room to manoeuvre will be extremely limited as he takes over the presidency on 1 December in a climate of tremendous political instability and with the country deeply divided between the industrial north -- the

base of Calderon's National Action Party (PAN) -- and the resource rich but extremely poor and largely indigenous South which champions the Party of the Democratic Revolution (PRD) candidate and former Mexico city mayor Andrés Manuel López Obrador (popularly known as "AMLO"). Although AMLO -- who refuses the title of Mexico's Chávez -- failed in his presidential bid (under very murky circumstances) his capacity to mobilise massive public support amongst the urban poor and in the South will make it difficult for Calderon to pursue neo-liberal economic policies with the same enthusiasm as Fox. However the ALBA option is not likely to be on Mexico's agenda for some time.

The Zapatista movement in Chiapas in the south of Mexico has expressed their solidarity with Chávez. While their influence on Venezuela-Mexico formal political relations is, at best, minimal, their symbolic significance amongst social movements in the region and their political force within Mexico lends one additional stamp of credibility and support to Chávez' project.

It remains to be seen, however, if Chávez' traditional leadership style is compatible on a deeper level with the principles of the non-hierarchical and more grassroots orientation of the Zapatistas. The "otra campaña," the newest initiative of the Zapatistas, designed to solicit massive popular input on the very constitution and fundamentals of the Mexican state, highlights a parallel between the group's present tactics and Chávez' domestic efforts in rewriting the Venezuelan constitution and attempting to engender more meaningful participation from the Venezuelan people in the political process.<sup>41</sup>

37 Larry Rohter, "As Argentina's Debt Dwindles, President's Power Steadily Grows," *The New York Times*, Jan 3, 2006.

38 Bill Cormier, "To Washington's dismay, Chavez courts support among Latin America's new left," *Associated Press*, May 23, 2005.

39 Though Argentina and Brazil are neighbors, number one trading partners to one another in terms of both exports and imports, and both founding members of the Mercosur trade alliance, they also share a long-running rivalry that can be seen in football, popular culture and, quite seriously as of late, in trade squabbles. See Mario Osava, "Trade disputes threaten Argentina-Brazil Relations," *Inter Press Service*, November 28, 2005.

40 Alan Clendenning, "Leaders at Americas summit deadlocked over free trade zone following violent protests," *Associated Press*, November 5, 2005.

41 Elio Henríquez and Luis Gómez. "La otra campaña no ofrece soluciones, sino la propuesta de construir un nuevo país" [Trans: "The 'otra campaña' brings no solution, but the proposal of building a whole new country"]. *La Jornada*, January 20th, 2006.

# Regional Developments

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## US “preoccupied” by PetroCaribe and PetroSur

The formation in July 2005 of the PetroCaribe alliance—a long-term plan for Venezuela to provide discounted oil and support development to 14 Caribbean nations—indicates Chávez’ commitment to serious displays of generosity designed to draw attention to his integrating project for the region as well as to ALBA itself. Along with the agreement, the ALBA-Caribbean Fund was created, which will collect funds from all members of the PetroCaribe alliance and allocate them to development projects in the poorest countries of the region. In addition to discounted prices, PetroCaribe also offers preferential financing at extremely low interest rates for the Caribbean nations and the option to also pay for oil with discounted export products, such as sugar or bananas.

Interesting fallout from the plan included a letter sent by the US State Department to attendees of the summit at which PetroCaribe was formed. At the summit, Chávez read the following passage from the letter: “The US is seriously preoccupied by the growing threat to democracy in Venezuela, the concentration of power in the executive, the politicization of the judiciary, a corrupted electoral authority that does not inspire confidence, and the attack on basic civil rights and the rule of law. ... There is increasing proof that Venezuela is actively using its oil wealth to destabilize its democratic neighbors in the Americas, by means of the financing of extremist and anti-democratic groups in Bolivia, Ecuador, and other places.” Chávez repudiated the allegations, alluding to the long history of US support of dictatorships in the region. Ignoring the US pleas, the 14 nations signed onto the agreement willingly. Jamaican Prime Minister PJ Patterson called PetroCaribe “a welcome lifeline.”<sup>1</sup> Shortly thereafter, French Prime Minister Dominique Villepin publicly congratulated Chávez on the founding of PetroCaribe and, along with French President Jacques Chirac, gave Chávez a very warm diplomatic reception in Paris.<sup>2</sup>

1 “Caribbean-Venezuela: Region snubs US, signs on to Chavez deal,” Latin American Weekly Report, July 5, 2005,

2 Lamia Oualalou, “French President, PM ‘show support’ for Venezuelan president,” Le Figaro (translation by BBC Worldwide Monitoring), October 20, 2005.

PetroSur, another oil alliance proposed by Chávez and composed of oil producers Brazil, Argentina and Venezuela, has considerable potential to change the dynamics of energy production in the region. Though the details and final membership of the group is still being hammered out, it is an ambitious effort to unify the state oil enterprises of Latin America. So far, three projects are on the table to be handled jointly by the group—new exploration initiatives in Venezuela and Argentina, and the building of a new refinery in Brazil.

While conservative commentators in the US have gone as far as to call the group a Latin American OPEC, they are missing the true potential force of the coalition. By collaborating on technologies for extraction and supplying one another with oil and natural gas, Latin America can reduce or even eliminate its dependency on multinational oil giants for extraction, production and distribution of petroleum products.<sup>3</sup>

## Difficulties seen in the formation of Mercosur

The process of development of Mercosur has also been a point of conflict and dispute among Latin American member countries. Originally composed of four full members (Argentina, Brazil, Paraguay and Uruguay) and two observer members (Chile and Bolivia), Mercosur was inspired by the example of the European Union, demonstrating that there has always existed the will to create a broader union, in which not only trade agreements would be negotiated, but also where a common currency could be built and legal unifications could be agreed upon. For example, citizens of the member countries can today travel abroad inside the bloc using their national documentation, with no need for passport or visa. However, the main priority has always been commercial integration, and it is exactly troubles at the trade level that are making consolidation of Mercosur as a regional bloc particularly difficult.

The conflicts and contradictions of trade interests have surpassed other integration attempts during the recent period of Mercosur negotiations, and the problems related to the economic instability of each country are frequently referred to as the major obstacles to strengthening the bloc.

Venezuela became a full member of Mercosur in May 2006, an indication of Venezuela's perception that the ALBA project is still fragile. ALBA for Chávez is still more of a work-in-progress than a reality that affords Venezuela advantages over other regional groupings. In the medium term, Venezuela has chosen to reinforce its commercial position both in the FTAA process and within the WTO by joining Mercosur, despite its problems and difficulties.

3 Ramiro Escobar, "Fiesty Chavez says FTAA trade pact is dead," Inter Press Service, July 19, 2005.

For Argentinean president Néstor Kirchner, the entrance of Venezuela represents the possibility to establish a new balance of power within the bloc, given that Argentina now shares with Venezuela the position of second power, while Brazil leads the group. Mercosur certainly does not represent anything close to an anti-imperialist resistance regional bloc, as ALBA intends to be, but the fact that from now on it will include Argentina, Brazil and Venezuela is already significant—even more so with Kirchner, Lula and Chávez, the three strong and innovative leaders of the three largest economies on the continent, at Mercosur's helm. Despite the many contradictions and ambiguities of Lula's administration, it is worth noting that his position towards Chávez and Kirchner has been much more friendly and cooperative than competitive or hostile.

## ALBA: a model outside the Western Hemisphere?

As discussed earlier, Chávez' popularity across the globe has grown immensely in recent years as he has shown himself able to articulate, with impeccable timing, what few other politicians have the courage to say in the face of US economic and military hegemony over the planet. Chávez' involvement in OPEC has demonstrated clearly his ability to befriend foreign leaders, though it is likely that his OPEC colleagues appreciate him less for the high ideals of the Bolivarian Revolution than for his unabashed calls for increased oil prices and, more recently, decreases in production.

Whether ALBA is a viable model for regional integration outside of the Western Hemisphere will truly depend on Chávez' ability to show that the complex politics of natural resource jockeying and regional rivalries can be subjugated to serious efforts at cooperation and collaboration between nations for their collective development. As of yet, Chávez has managed to secure only the full partnership of Cuba and Bolivia, two of the region's weaker countries with little to lose by joining the partnership. So far, ALBA has, as of yet, found only limited purchase with the governments of Brazil and Argentina, the region's two economic giants. While there is enthusiasm to collaborate with Chávez from these two nations on the one hand, as discussed above, there is a core hesitation to take part in a union that would so blatantly offend the US, a key trading partner of both nations. These complex and contradictory relations—Chávez himself of course commands one of the largest commodity exports to the US from the region in the form of his oil—are somewhat idiosyncratic to the region.

Looking in particular to Africa and Asia, one sees obvious historical precedents for such collaborations. The movement for Pan-African Socialism in the 1950s and 60s, though initially showing promise under charismatic leaders such as Tanzania's Julius Nyerere, lost steam in the 1980s



with crushing crises and IMF-imposed structural adjustment policies that have all but erased hope for ALBA-style endogenous development on the African political radar today. The present-day African Union, which grew out of the now-disbanded Organization for African Unity and the still developing African Economic Community, appears to offer in theory some of the benefits of ALBA, simply by unification and cooperation between nations, though it is in no way posed as a socialist alternative to current capitalist development paradigms in the region. However, the organization might someday have the potential to become a platform for strong regional initiatives for improving human development conditions.

In Asia, there exists a veritable alphabet soup of regional integration initiatives, including the Association of South-east Asian Nations (ASEAN), the South Asian Association for Regional Cooperation (SAARC), the Eurasian Economic Community (EEC), and the Pacific Islands Forum. Of these, SAARC, founded in 1985, is the only one founded explicitly with the intent of improving human development through collaborations on health, development, and agricultural programs. ASEAN and the EEC are primarily trading blocs, with human development goals being secondary to the establishment of common markets or regional security.

The 1955 Asian-African Conference held at Bandung, Indonesia and attended by twenty-nine world leaders

from across the two continents was an important though eventually failed effort at creating collaboration amongst countries seeking a “third way,” out of the Cold War rivalry between the US and the Soviets, thus defining the term “Third World.” Looking towards mutual partnership towards development, many of these nations eventually came to make up the Nonaligned Movement, which was officially founded six years later, in 1961. As was the case with Pan-African Socialism, the speeches from the Bandung conference and the writings of the Third Way leaders such as India’s Jawaharlal Nehru, Indonesia’s Sukarno, and Egypt’s Abdel Nasser reflect very closely the speeches and writings of Chávez and others regarding ALBA. However, for a variety of reasons, not the least of which being the intensification of the Cold War, their lofty goals never came to fruition.<sup>4</sup>

The only regional bloc in existence today that has anywhere near the scope and ambition of ALBA is the European Union. Acting as a comprehensive integration force in the region, the EU has had many successes through collaborations in the educational, health, and economic development sectors. Though Chávez rarely makes reference to the EU in his ALBA proclamations and it is nowhere to be seen in the Bolivarian Congress’ publications, the Union is obviously in some sense a model for ALBA, even if the majority of its member states continue to be bastions of capitalist globalization and the homes of the multinationals that continue to extract resource wealth indiscriminately from the Global South.

Presidents Hugo Chavez (Venezuela), Nestor Kirchner (Argentina) and Luiz Inacio 'Lula' Da Silva (Brazil) at the 29th Mercosur summit in Montevideo.



[http://upload.wikimedia.org/wikipedia/commons/7/71/MercosurCumbre29\\_Lula\\_Kirchner\\_Chavez02.jpg](http://upload.wikimedia.org/wikipedia/commons/7/71/MercosurCumbre29_Lula_Kirchner_Chavez02.jpg)

4 For original texts of the Nehru and Sukarno declarations at Bandung, see the Modern History Sourcebook, accessed on June 23, 2006, <http://www.fordham.edu/halsall/mod/1955nehru-bandung2.html> and <http://www.fordham.edu/halsall/mod/1955sukarno-bandong.html>.

# Conclusion

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Stepping back from the details of the proposal, one can see that ALBA is being mobilized for a number of different purposes at the same time. It has been a useful tool in the education and mobilization of social movements against the FTAA negotiations, calling them to participate in the construction of a concrete alternative, as was seen in Mar del Plata in November 2005. It also has been useful as a means to convince many governments in the region, especially Argentina and Brazil, that there are other possible forms of integration that go beyond the FTAA's free trade agenda.

At the same time, it has been a new and very important political tool, through which Venezuela has formalized and legitimized many solidarity actions towards Cuba (note that Cuba is the only Latin American country excluded from the FTAA negotiations). Upon Evo Morales' election to the Bolivian Presidency, joining ALBA was an obvious first foreign policy step for the novice politician. It takes little imagination to see that the strong and nearly unconditional support given him by Chávez and Castro early in his presidency emboldened Morales to take action on his key campaign promise to nationalize his country's hydrocarbon resources.

ALBA has also been very important in strengthening President Hugo Chávez' position in his tensions with the White House and in international trade negotiations. This is not so much due to ALBA's practical effectiveness or to its current membership, but above all to its symbolic power, making Chávez the sole bearer of a concrete alternative to the free-trade-focused, US model of regional integration.

The construction of ALBA is clearly a process that will experience a series of significant advances as well as setbacks and defeats, as the political climate of the region has a tendency to change both rapidly and unpredictably. Electoral politics, international posturing, pressure from the US, or even a simple shift in the ideas of a single president could be enough to send the nascent agreement reeling into disarray or to push it in the direction of stability. As Edgardo Lander writes, integration projects in Latin America "depend on the political processes,

the productive structures, the correlation of existing forces both global and regionally, as well as within each of the participating countries.”<sup>1</sup> As this most recent shift in political attitudes in the region seems to be showing, a taste for social democratic or even nominally socialist politics in the region is on the upswing. The people and the politicians of Latin America are tired of the neoliberal Washington consensus that has driven their continent’s development over the last two decades. Even conservative opposition candidates have been forced into adopting anti-neoliberal positions across the region.

In Bolivia, even Morales’ two opponents in the December 2005 election had, by election day, incorporated a call for some variant on the “nationalization of all hydrocarbons,” reflecting the irrepressible demands of the nation’s powerful social movements. One cannot underestimate the historical significance of the Bolivian move to nationalize; the decision reverses what amounts to a 450-year history of unimaginably massive resource extractions—silver, gold, tin, oil, gas and coca—from the country’s lands. These extractions, first at the hands of the Spanish crown, later the US, and in recent decades a medley of multinationals, have managed to generate countless billions of dollars in revenue while somehow, almost unbelievably, leaving the bulk of the country’s population still desperately poor.

As such blatant efforts are made to co-opt the discourse of radical new challengers to the region’s pecking order are made, the importance of a proposal like ALBA becomes increasingly clear: the neoliberal project in Latin America has slowly, but surely, turned stale in the eyes of the region’s electorate. Declared recently as to be the world’s most unequal region,<sup>2</sup> Latin American capitalism in the late 20<sup>th</sup> century is perhaps one of the most putrid forms of this economic system that the world has seen. Massive wealth derived from natural resources, agriculture, and even remarkably successful industrialization efforts has been concentrated to an astonishing degree in the hands of elites and a dismally small middle class in the region’s cosmopolitan capitals.

Unfortunately, populist leaders throughout recent Latin American history have managed to captivate crowds and win re-elections while quietly sacking their nations’ treasuries and putting little serious effort into creating meaningful development for the region’s poor. Chávez has taken a bold first step in stemming the tide of this *politics-as-theft* tradition by offering up a concrete alternative to business as usual in Latin America and endeavoring to fill a gaping leadership and ideological vacuum. His populist style, military roots, and apparent lack of a plan for a transition in power in Venezuela are, however, serious liabilities in a region that has grown increasingly wary of leaders that have no intention of leaving power any time soon.

While a cynical analyst might look at Chávez’ near-deification of Simón Bolívar as one way of simply drawing attention away from his own growing personality cult, this represents a legitimate concern. In order for Chávez to successfully broaden his revolutionary agenda, he must consider seriously the sustainability of his project beyond his own tenure as President. While it appears likely that Chávez will win an additional six-year Presidential mandate in national elections in December 2006, he is already speaking of the possibility of yet an additional term, which could potentially keep him in power until 2019, amounting to a possible twenty years as President.<sup>3</sup> While one could argue that such a long term might be necessary for the completion of many of his development goals, it is unlikely that this would be in the long term interests of Chávez’ overall political project for his nation and the region. The oft-levied allegation that Chávez, if not a dictator, may have “dictatorial tendencies,” despite its lack of any serious factual basis, has nonetheless provided the basis for much US aggression against the leader. This unfortunate misperception that Chávez may not exactly be a democratic leader is in large part responsible for his paradoxical stature on the international scene; of both painful isolation along with immense popularity.

While it may or may not be in the best interests of the Bolivarian Revolution for Chávez to stay in power until 2019, it is clear that in any case, he must begin at some point to prepare for a transition of power. By continuing to engage the region’s social movements and following through on the commitments of ALBA to deepen the region’s democracies through the involvement of political constituencies from the local level on up, he will greatly increase his chances for finding additional ALBA partners as well as, eventually, a suitable successor.

It is also immensely important that Chávez not let oil and gas brokering take center stage in his regional political dealings, as is becoming the case with the new proposal for a South American Gas Pipeline. The cynical view that Chávez’ revolution is simply a historical anomaly fueled by an unrealistic ideologue who found himself sitting upon a wealth of petroleum is perhaps another painfully effective discursive tool that will continue to be used against him. In defense of a bilateral trade agreement that he negotiated with the US earlier this year, former Peruvian President Alejandro Toledo spoke with implicit reference to Venezuela, “I understand that there are countries that don’t need to open new markets because they have high revenues from oil, but countries in Latin America that are oil importers are obliged to create work for their country.”<sup>4</sup>

1 Lander, op. cit., p. 50.

2 David De Ferranti (Ed.), *Inequality in Latin America: Breaking With History* (Washington: World Bank Publications), 2004.

3 Alex Holland, “Chávez Threatens Opposition with Referendum on Third Term in Office,” *Venezuelanalysis.com*, February 21, 2006.

4 *Latinnews Daily*, “Uribe asks Lula to intervene in CAN crisis,” April 26, 2006.



The only effective way for Chávez to combat such attacks is to redouble his efforts to create meaningful jobs for Venezuelans, to build a what could become a model health care and education system for the region, and to create an ecologically sustainable and robust industrial base for his and his partners' economies in the coming century.

By showing that it is possible in an extremely inequitable nation to divert resource wealth away from elites and transnational corporations and towards true, ecologically sustainable human development, and at the same time establishing complementary ties with neighboring countries that may have other forms of wealth and resources to share, Chávez has the potential to create a model for regional integration that could change the shape of North-South relations on the planet for centuries to come.

## ALBA Timeline

December 2001 – **Chávez proposes ALBA** as an alternative to the FTAA at Association of Caribbean States Summit

April 2004 – **Argentina-Venezuela** Integration Convention signed

December 2004 – **Cuba-Venezuela** ALBA declaration and agreement signed

February 2005 – **Brazil-Venezuela** Strategic Alliance created

April 2005 – **Cuba-Venezuela** initiate Strategic Plan for ALBA Implementation

July 2005 – **PetroCaribe** oil equalization plan signed by Bahamas, Belize, Cuba, Dominican Republic, Jamaica, Venezuela, and eight other Caribbean nations

October 2005 – **TeleSUR**, funded by Venezuela, Argentina, Uruguay and Cuba, begins broadcasting

January 2006 – **South American Gas Pipeline** project is launched by presidents Lula, Chávez and Kirchner.

April 2006 – **Bolivia** officially enters ALBA.



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