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Regional Integration in Latin America: Dawn of an Alternative to Neoliberalism?

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Abstract At the turn of the century, it seemed inevitable that regional integration in Latin America would occur under the rubric of the Free Trade Area of the Americas (FTAA) and US hegemony. But 2005—the year the FTAA was to have been launched—has come and gone, and the whole FTAA project is in tatters. This article will examine two regional integration initiatives, which have emerged in its wake—the Union of South American Nations (UNASUR) and the Bolivarian Alternative for the Americas (ALBA). Both represent a challenge to US-led integration. However, the Venezuelan-centered ALBA is potentially a much more radical challenge to neoliberalism than the Brazilian-centered UNASUR.

Introduction: The Impasse of Neoliberalism

Latin America has been at the center of the neoliberal “revolution.” David Harvey reminds us “the first great experiment with neoliberal state formation was Chile after Pinochet’s coup on the ‘little September 11th’ of 1973.” This brutal introduction to neoliberalism began with the repression of the left, the workers’ movements and popular organizations, creating an ideal Petri dish for the late Milton Friedman and economists associated with the University of Chicago to “reconstruct the Chilean economy … along free-market lines, privatizing public assets, opening up natural resources to private exploitation and facilitating foreign direct investment and free trade.” For most of Latin America, however, the neoliberal turn was carried out not through coercion, but through a complex interrelationship between national governments won to a neoliberal perspective, transnational corporations, and intellectuals (usually economists) aggressively
promoting the new neoliberal orthodoxy. Together, they manufactured a “consent” to neoliberalism, which was to dominate most countries for more than a generation. Characteristic of this manufacturing of consent was (1) the supersession of national development strategies by a new regionalism under (2) the hegemony of United States imperialism.\(^3\)

The key institution for this new regionalism was to have been the Free Trade Area of the Americas (FTAA), “widely viewed as a form of trade colonization by the US of South America.”\(^4\) The FTAA seemed to be the logical outgrowth of an expanding web of neoliberal trade agreements, reaching out from the Global North to embrace the Global South. The two-country Canada–US Free Trade Agreement (CUFTA) had prepared the ground for the three-country North American Free Trade Agreement (NAFTA), which in turn was bulldozing an area to accommodate the hemispheric FTAA. There were different schools of thought about these trade deals, but many saw the planting of the banners of ever-more comprehensive trade arrangements as indicators of the onward march of neoliberalism. Charles Derber sums up very well the neoliberal heart of NAFTA, whose “investor rights” provision, “known as Chapter 11 . . . sets up a court allowing corporations to sue governments for passing environmental or labor laws that ‘infringe’ on property rights and profits.”\(^5\)

At the Summit of the Americas in Quebec City, Canada, in 2001, 80,000 demonstrators, myself included, braved tear gas and pepper spray expressing outrage against the FTAA, whose terms were being negotiated behind the walls of the old city. Only Venezuela, inside the summit, and Cuba, outside (because not invited), opposed the deal. The date we were all focusing on was 2005. “In December 1994, at the first Summit of the Americas, the 34 democratically elected Heads of State of the Western Hemisphere agreed to create a Free Trade Area of the Americas by 2005.”\(^6\) Momentum toward the FTAA seemed unstoppable, and 2005 loomed as an immovable deadline. But 2005 has come and gone, and the FTAA project is in tatters. At the 2005 Summit of the Americas in Mar del Plata, Argentina, George Bush attempted one last time to revive the FTAA, but the whole thing “ended in a fiasco.”\(^7\)

The inability of the US to impose its will on Latin America, and push through the FTAA, is extremely significant. The purpose of this article is not to embark on a detailed explanation of this extraordinary conjuncture—that is a much bigger project. In broad strokes, it seems to have three roots. First, the long-term decline, relative to its leading rivals, of the economic reach of the US. Second, the impasse of the US in Iraq and Central Asia, reducing, for the moment, its capacity to assert its authority elsewhere, including in what used to be considered its “backyard”—

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Latin America. Third, the re-emergence throughout Latin America of powerful mass movements, which have propelled to office various left-wing and populist governments, usually on an explicitly anti-neoliberal basis.

What this article will do is—after sketching the surprising new economic conjuncture facing Latin America—outline two of the new institutions emerging in the wake of the impasse of the FTAA, two institutions based on regional integration outside the terms of the FTAA. One is the Union of South American Nations (UNASUR), a continuation of the South American Community of Nations (CSN), whose summit, December 8–9, 2006, brought together representatives from 12 Latin American nations, including eight heads of state. An initiative centered on the Brazilian state, the UNASUR/CSN, if successful, could represent a very real challenge to US hegemony in Latin America. The second is the Bolivarian Alternative for the Americas (ALBA), an initiative centered on the Venezuelan state. ALBA means “dawn” in Spanish, and there is a real feeling that what we are witnessing is what Hugo Chávez Frías, president of the Bolivarian Republic of Venezuela, has called “the dawn of a new era” in Latin America—an alternative at last to the long night of neoliberalism. This article will argue that, while both initiatives are frequently treated as one—the emergence of a new regionalism in opposition to the US-led FTAA—they in fact need to be treated separately. The UNASUR, while a challenge to US hegemony in the region, is completely embedded in a very familiar logic of capital accumulation and corporate rule. ALBA, by contrast, is closely associated with the mass movements, which are at the core of the leftward move of many of the region’s politics. If there is to be an alternative to US hegemony in the region that can challenge capitalism as well as neoliberalism, it will be in relation to the ALBA initiative, not that of the UNASUR.

Pipelines Politics and the New Economic Conjuncture

The background to both initiatives is a surprising new economic conjuncture. The major economies in Latin America have returned to growth. On January 29, 2007, in Santiago, Chile, the United Nations-based Economic Commission for Latin America and the Caribbean hosted its 19th regional seminar for fiscal policy. Its theme: “Fiscal policy in boom times”.

Fiscal revenues have risen sharply across the region due to improvements in terms of trade and macroeconomic cycle … What should countries do with additional revenues? … This year’s gathering will examine fiscal policy in times of economic bonanza.10

This press release is bursting with understated irony. First, three members of the five-person organizing committee are pulled from the International Monetary Fund (IMF), the World Bank, and the Organisation for Economic Co-operation and Development.
Development (OECD). But these institutions—the IMF in particular—were culpable in creating the terrible economic problems from which Latin America is just emerging. Modern neoliberalism, after its opening experiment in Chile, is seen by most as having been launched with the “Volcker shock” in the first Reagan presidency.\textsuperscript{11} A direct consequence of the massive interest rate hike associated with this “shock” was a qualitative increase in the burden of debt payments for many countries in Latin America. “Since the loans were designated in US dollars, any modest let alone precipitous rise in US interest rates could easily push vulnerable countries into default.” Mexico, in fact, did go into default between 1982 and 1984, and the Latin American debt crisis was in full swing. The “solution” was to impose “structural reforms” on the Mexican state, and the instrument chosen to perform this surgery was the IMF. David Harvey points out, however, “this required, of course, that the IMF shift from a Keynesian to a monetarist theoretical frame of reference (and this was quickly accomplished making the IMF a global center of influence for the new Monetarist orthodoxy in economic theory).”\textsuperscript{12} So the Volcker interest rate shock precipitated a crisis and the IMF was the midwife of neoliberalism, which followed in its wake. Now that there is finally, after a generation, a sense of economic optimism, it is ironic that the IMF in particular is putting itself forward as an “expert” to deal with this new conjuncture.

It is not the IMF, the World Bank, and the OECD that can take credit for the turn in the Latin American economies. A new “shock” has, for the moment, pushed several of the major economies into growth. An important 2006 OECD study argued that “China’s strong demand for raw material is good news for Latin America. In economic terms, this event could be considered as a positive demand shock.” China’s industrial revolution—the largest in world history—is transforming the world economy. While the most visible products of this revolution are the cheap manufactured exports cramming the shelves of Wal-Marts throughout the world, its economically more significant product is the big and growing demand in China for key commodities to feed its revolution. “The four main commodities in Latin America are copper, oil, soy and coffee. These commodities amount to 66 per cent of total exports of raw materials. China absorbs an important share of these commodities, excluding coffee.” There is every reason to believe that this hunger for commodities from Latin America will continue in the immediate term.

In 2003, China was the world’s largest importer of cotton, copper, soybean and the fourth largest importer of oil . . . [T]he Chinese demand for copper and soybean are growing 50 per cent yearly. In the case of oil, the rate of growth is 19 per cent every year. China in 2003 is already the first importer of copper in the world.\textsuperscript{13}

This emergence of China is not universally positive for Latin American economies. Mexico in particular faces significant job losses in its manufacturing

\textsuperscript{11} Leo Panitch and Sam Gindin, “Finance and American Empire,” \textit{Socialist Register} 2005, pp. 60–65, see this Volcker shock of 1979–1982 as the defining event in the neoliberal turn.

\textsuperscript{12} Harvey, \textit{op. cit.}, p. 23.

industries as a result of competition from China, where labor costs are one-quarter those in Mexico. And given that this “demand shock” is predicated on the export of raw materials, there is the critical issue of whether the export opportunities offered will be used as a base to diversify the region’s economy or devolve into a very familiar raw-material export-dependency trap. In the short and immediate term, however, the effect of this demand shock has been positive for much of the region. Figure 1 shows clearly the contrast between the steady economic growth in the first years of the 21st century for Venezuela, Argentina, and Brazil, in contrast with the stagnation and sharp economic decline experienced repeatedly in the late 1990s. In Venezuela, there are sharp declines in economic growth in 2002 and 2003—but the roots of those are political, not economic. Those years were dominated by the attempted coup against Chávez, followed by the bosses’ strike, which paralyzed the economy—in particular the critical oil sector—for much of late 2002 and early 2003. The rebound from these disasters in 2004 was a spectacular surge of the Venezuelan economy, which grew at a rate of nearly 18%.

The major economies in Latin America have returned to growth. Representative of this growth is a series of resource-extraction initiatives, particularly various proposals for continent-wide pipelines, the biggest infrastructure initiative the region has ever seen. This return to growth is shaking up political as well as economic alliances.

US neo-conservatives see Venezuela and Cuba as their principal enemies in Latin America. “The emerging axis of subversion forming between Cuba and Venezuela must be confronted before it can undermine democracy in Colombia, Nicaragua, Bolivia, or another vulnerable neighbor,” according to former senior Bush advisor, Otto Reich. If Cuba and Venezuela are the “axis of subversion,” then the key to US foreign policy is “one of the most democratic and successful leaders

in the region, President Alvaro Uribe of Colombia, “democratic” at least according to Reich. One of the pipeline projects is centered in Colombia, and an examination of its evolution provides important insights into the dynamics of the current conjuncture.

The Colombian department of Arauco is “the heartland of that country’s oil industry … It lies just across the Río Arauca, an Orinoco tributary, from Venezuela’s own Orinoco Basin oil heartland of Apure-Barinas states.” Entrenched alongside Colombia’s state-run Ecopetrol is California-based Occidental Petroleum. And bunking next to them are hundreds of US military advisors. Oscar Canas Fajardo, advisor to Colombia’s Central Workers Union (CUT), said of the main oil field in Arauco: “There is a military build-up going on in Cano-Limon with the excuse of protecting the oil pipelines … They are transforming the Cano-Limon facilities into a small military fort … Who is to guarantee that all this [is] not being used against Venezuela?”

But in spite of this, on November 24, 2005, Chávez and Uribe signed a major agreement for a joint natural-gas pipeline project. The 215 km pipeline is designed first to take natural gas from Colombia to Venezuela’s Paraguana refinery complex. After seven years, Colombia’s natural gas resources will be depleted, at which point the flow of gas will be reversed and Venezuelan natural gas will flow to Colombia. Gas is just the start. Venezuela has easy access only to the Atlantic, but Colombia borders both the Atlantic and the Pacific oceans. The gas pipeline agreement is designed to be part of “a larger project that will bring crude oil from Venezuela to the Pacific Ocean, where it will then be transported to Asia.”

The opening to Asia is absolutely critical. The US is the biggest customer for Venezuela’s vast oil exports. But the US is also that country’s most implacable enemy. If Venezuela can create an alternative market for its oil in the rapidly growing economies of Asia—particularly China and India—it hopes to free itself from dependence on US oil consumption. This possibility has not been lost on the US, for whom the prospect of serious rivals for consumption of Venezuelan oil is taken seriously indeed.

But this pipeline project is just the appetizer. On January 21, 2006, the presidents of Argentina, Brazil, and Venezuela jointly announced plans for a massive 8,000 km natural gas pipeline that would snake through the Amazon and the environmentally sensitive rainforests of South America’s interior, to pipe Venezuelan natural gas principally to Argentina and Brazil but also linking Bolivia, Paraguay, and Uruguay. The project, if it goes ahead, will cost at least US$20 billion and take seven years to complete.

Part of the pipeline plan is to encourage the conversion of automobiles from gasoline (petrol) to natural gas in the two big economies, Argentina and Brazil.

14 Otto J. Reich, “Latin America’s Terrible Two,” National Review 57:6 (2005), pp. 35, 33. Reich was Bush’s top advisor on Latin America during his first term in office, so his opinion should be taken seriously even though he also claims that Fidel Castro projects his influence in the region through “local kidnappings, drug trafficking, bank robberies, and other criminal activities.” Ibid., p. 32. Apparently, Reich has Castro confused with the CIA.
by making available vast quantities of natural gas. Argentina already has the world’s largest fleet of natural gas cars, Brazil the second largest. “According to Chávez, that shift alone would allow for a massive increase in gasoline exports by both Venezuela and Brazil, generating as much as $15 billion in annual revenue.”17

So Venezuela’s side of the deal is clear—sell vast quantities of natural gas to new markets in Argentina and Brazil while facilitating increased exports of oil to China, accessing the Pacific shipping routes by a deal with Colombia.18 For Brazil, which is not at the moment an oil exporter, it seems at first glance that the deal is only contingent on security of its gas supply—and analysts have pointed out that this is a very expensive way of securing that supply.

But Brazil’s big state-owned oil company, Petrobras, has embarked on a vast oil exploration program and “is adding about 13 barrels of reserves for each one it extracts,” which would “make Brazil a net exporter of oil for the first time” in 2006, according to Petrobras CEO Jose Sergio Gabrielli.19 All of this is being fuelled by the China-led world economic expansion, driving oil prices through the roof, a situation that is leading to massive profits for oil producers. Petrobras, for instance, in 2006 “announced the largest profits in Latin American business history, at $11.2 billion.”20 So flooding Brazil with natural gas from Venezuela and converting automobiles from gasoline to natural gas, thus freeing up oil for export, is a plan that has dollar signs written all over it.

This extraordinary pipeline development project is the driving force behind the big energy alliances Petrosur and Petroamérica. On May 11, 2005, Brazil, Argentina, and Venezuela “signed the base document for the creation of Petrosur,” which “will be in charge of coordinating mutual energy policies.”21 Petrosur will be one of the key institutional players in the pipeline project, along with “the Initiative for South American Regional Infrastructure Integration (IIRSA), created by the nascent South American Community of Nations.”22 According to Dr Áli Rodríguez Araque, president of Venezuela’s state-owned oil company PDVSA from 2002 to 2004 (and from March 2004, minister of foreign affairs), all of this is based on a perspective of “hemispheric energy integration” that envisions the creation of Petroamérica, an umbrella institution uniting Petrosur, Petroandina,23 and Petrocaribe.24

23 A regional agreement between the state-owned energy companies of Venezuela, Colombia, Bolivia, and Ecuador.
The Union of South American Nations

This changed economic conjuncture is the immediate background to the emergence of the biggest of the new regional integration initiatives, the Union of South American Nations. On December 9, 2004, “the leaders of every South American country except the three Guyanas” gathered “in Ayacucho, Peru [and the nearby Cuzco] to sign the preamble to the Foundation Act of the South American Union.”25 This new entity, known first as the South American Community of Nations (CSN), and renamed on April 17, 2007, as UNASUR—the Union of South American Nations—has the potential to be an important new player in the world economy.26 It would incorporate a land area more than four times the size of the European Union and only marginally smaller than that of NAFTA. With 380 million people, it would trail the EU by 110 million and NAFTA by 60 million. Its GDP of just over $3 trillion reveals the big weakness of the new bloc, however, being less than 30% of either NAFTA or the EU, despite being comparable in area and population.27

The summit’s goal was to “merge the continent’s two largest trading blocs over the next 10 to 15 years, with the eventual goal of creating a Latin American version of the European Union.”28 The two trading blocs are Mercosur and the Andean Community of Nations (CAN), Mercosur being by far the more important. The 2004 CSN summit followed on from a summit in 2003 between Brazil’s president, Lula da Silva, and Néstor Kirchner, president of Argentina. The 20-point “Buenos Aires Consensus” that resulted from that meeting had at its heart the goal of “strengthening the Mercosur as the way to reinforce their negotiating capability both in terms of world trade—as an alternative to the US-driven FTAA—and in their negotiations with the IMF.”29 The choice of the term “Buenos Aires Consensus” is significant in itself. The headline under which neoliberalism unfolded in 1990’s Latin America was the Washington Consensus, “the neoliberal recipe that was to be applied all over the Americas during the following decade, and which prescribed a diminished role for the state in social and economic affairs, privatization, deregulation, labor flexibilization and other drastic policies.”30

Mercosur, however, is itself a creature of the Washington Consensus. Mercosur (Mercado Común del Sur in Spanish) was launched with the signing of the Treaty of Asunción in 1991, bringing together the governments of Argentina, Brazil, Paraguay, and Uruguay. This was “at the height of the neoliberal restructuring carried out by Latin American governments during the 1980s and 1990s.”32 Cuba, for instance, “does not participate in regional integration schemes that function within

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30 Ibid.
31 Salazar, op. cit.
the neoliberal capitalist matrix,” including Mercosur, because the push for Mercosur and other such projects “surged or regained momentum at the height of the so-called ‘Washington Consensus.’”

It is not only Cuba that shares unease about Mercosur. On December 9, 2005, Venezuela was admitted into Mercosur at its summit in Uruguay. In May 2006, Chávez defended this move as a “mechanism for integration among the nations,” a step in creating “a bloc necessary to turn South America into a power.” This has not been met with unanimous praise from Chávez supporters. Julio Turra, member of the National Executive Committee of the United Workers Federation (CUT) of Brazil, argued in an open letter to Chávez that activists in the workers’ movement in his country were questioning the move. The very name Mercosur, “Common Market of the South,” he argues,

indicates that it is a capitalist economic integration... privatization has been the hallmark of Mercosur since the 1990s. In various regions of Brazil, small agriculture and milk production have been liquidated due to the penetration of the multinationals, which take advantage of “free trade.”

In December 2005, however, Chávez argued that Mercosur could be broken from its neoliberal roots. “We need a Mercosur that prioritizes social concerns, we need a Mercosur that every day moves farther away from the old elitist corporate models of integration that look for... financial profits, but forget about workers, children, life, and human dignity.” Venezuela’s formal adherence to Mercosur took place on July 4, 2006, at an extraordinary Mercosur summit in Caracas, chaired by Kirchner, with CAN President Evo Morales also in attendance. July 4—the day before Venezuela Independence Day— was not chosen at random, and the Mercosur ratification was fully integrated into the next day’s celebrations. But at the second summit, held in December 2006 in Cochabamba, Bolivia, Chávez was not so optimistic. “We go from summit to summit ... and the people go from abyss to abyss ... We need a political Viagra ... We make decisions and we don’t have the power to execute them. They’re stuck in these pyramids of paper.” When the historical roots of the UNASUR and the CSN are examined, some of the reasons for Chávez’s frustration become clear.

Modeled on the EU, Building on Mercosur

At the historic 2004 summit in Cuzco, one quote captured the sentiment very clearly: “Our mirror will be the European Union, with all its institutions,” said Eduardo Duhaldal, former president of Argentina, “who is now the political face of Mercosur.” The invoking of the EU as a model for South American regionalism

33 Salazar, op. cit.
36 Cited in Mather, op. cit.
37 Ibid.
raises the important question of the nature of the EU. Like NAFTA and the FTAA, it involves a notion of the necessity of creating a regional bloc, a supra-national institution, to facilitate both regional economic development and competitiveness on a world scale. Unlike NAFTA and the FTAA, the EU has taken on a much more political role, through the creation of a European-wide parliament, shared passports, and the attempt at forging a European-wide constitution.

But the debate over that constitution has posed questions about the very nature of the EU process itself—particularly since the launch of the euro as a region-wide currency, supplanting existing national currencies. The advent of the euro—and the parallel institutionalization of a European Central Bank at arm’s length from the political processes at the national level—have heightened concerns that the EU process, like NAFTA and the FTAA, has become yet another means for driving forward neoliberal restructuring. This problem has not been lost on activists in Latin America.

What are the results of the policies of the European Union for the peoples of the old continent? All the state monopolies (electricity, gas, transport, etc.) are being liquidated for the benefit of the multinational corporations.... Social protection and pensions are on the chopping bloc in all the countries of the European Union. It was not by chance that the draft “Constitution” of the European Union was rejected by a massive “No” vote in France and Holland.40

The problem is that if these critiques of Mercosur and the EU are correct, they have profound implications for an evaluation of the UNASUR/CSN project. Central to the vision of the CSN was that it would develop not in opposition to Mercosur, but by building on it, the Cuzco participants envisaging a “convergence of the two large commercial blocs: the Southern Common Market (Mercosur) and the Andean Community of Nations (CAN).”41 In 1995, a joint EU–Mercosur declaration stated that the goal of both was to conform to World Trade Organization (WTO) norms, the same WTO which has been the principal target in the mass anti-neoliberal movement, at least since the Seattle protests of 1999. Adherence to WTO norms has real consequences. Collaboration between the EU and Mercosur was greatly enhanced from mid-1994, “with Brazil launching a significant privatization process.”42

Brazil in the Driver’s Seat

In this campaign for first the CSN, then UNASUR, the role of Brazil is absolutely central. “The idea” of regional integration “resurfaced late last century … with Brazil the leading proponent.”43 The 2004 meeting, which proclaimed the CSN, was the third in a series of South American presidential summits which had addressed the idea. Brazilian President Fernando Henrique Cardoso convened the

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40 Turra, op. cit.
first in 2000, resulting in the 59-point Brasilia Declaration, which had at its heart the goal of a South American union. But what was behind this turn to regional integration on the part of the Brazilian leadership?

Neoliberalism in Brazil: From Cardoso to Lula. Cardoso—convener of the summit and prime mover of the Brasilia Declaration with its vision of regional integration—has been the symbol of neoliberalism in Latin America. This is, of course, “a designation repeatedly rejected by Cardoso,” according to Mauricio Font. Arguing that “neoliberal ideology was not the main logic on which Cardoso grounded his approach to state reform,” Font goes on to give an alternative logic:

[Through] the Third Way as well as comparable movements in France, Germany, and the United States … Cardoso developed particularly good working relationships with Tony Blair in England, Gerhard Schroeder in Germany, Lionel Jospin in France, and Bill Clinton in the United States.45

But this is a weak argument. These “social liberals” might have carried their policies under a social democratic or liberal banner, but the impact on the welfare state was no different in kind from that of the official neoliberals. If privatization and deregulation are the two key components which expose the neoliberal soul inside the social liberal body, then Cardoso cannot escape the neoliberal label. In 1994 Cardoso, then Brazil’s finance minister, initiated a privatization campaign that was central to the “maturing” of Mercosur as a neoliberal institution. Later the same year, as president, Cardoso became the leading advocate for reducing the role of the state on the entire continent. He, more than any other figure, was associated with Washington Consensus policies. Emir Sader succinctly captures their essence.

[Development would be led by foreign capital, attracted by the privatization of industry and natural resources, import liberalization, high interest rates, fiscal austerity and, in many cases, pegged currencies.46](7)

Cardoso was replaced as president in 2002 by Lula, candidate of the Workers’ Party (PT). But, as Sader and others have clearly shown, Cardoso’s neoliberal policies remained. Lula opened his rule with a promise to “keep all the previous government’s financial commitments,” which in effect meant prioritizing relations with Western financial institutions over social services and workers’ living standards. The predictable consequence was an attack on both.

[In its first year the Lula government gave priority to two reforms in the style of World Bank ‘packages’ on social security and tax. The first had a clear privatizing slant. A new tax was levied on the retired—who had already been paying all their lives—to reduce the social security deficit; and public-sector workers’ pensions were capped, forcing them to turn to private pension funds.47](7)

47 Ibid., pp. 69, 71.
Sader’s conclusion on the basis of his detailed analysis is that “In power, the PT has not fulfilled any of its historic aspirations, and cannot even be described as a government of the left.”\(^{48}\) This is extremely relevant to an analysis of the link between ALBA and the UNASUR/CSN.

Brazil: a sub-imperialist power. Brazil is today associated with the PT and Lula. Only a short while ago, however, Brazil was seen as a sub-imperial power. In part, this analysis situated Brazil as a local policeman for US interests in the region, but it also served to capture the aspiration of the Brazilian ruling class to be a regional hegemon, looking to assert its influence, on a capitalist basis, throughout the southern half of the Americas. As early as 1965, the Brazilian sociologist Ruy Mauro Marini was documenting the emergence of Brazil as a regional power in its own right. In part, he saw Brazil’s role in Latin America as an extension of the dominant role of North American imperialism. But even then, more than 40 years ago, he insisted that it was insufficient to see this as a completely dependent relationship—Brazil acting as a surrogate for the United States.

In its internal and foreign policy, the Brazilian military government has taken hardly any steps to accelerate the integration of the Brazilian into the North American economy; rather, it has expressed the intention of becoming the center from which imperialist expansion in Latin America will radiate . . . It is not a question of passively accepting North American power (although the active correlation of forces often leads to that result), but rather of collaborating actively with imperialist expansion, assuming in this expansion the position of a key nation.\(^{49}\)

In 1994, Daniel Zirker re-examined Marini’s concept of sub-imperialism, as it applied to Brazil, and concluded “more than two decades after he first proposed it, Marini’s theory of subimperialism continued to offer systematic insights into Brazilian foreign policy and domestic socioeconomic development.”\(^{50}\)

Is this any less relevant as a framework from which to examine Brazil’s actions in the Cardoso and Lula years? One important study argues that Brazil “has demonstrated a clear intention of wanting to expand the roles that it plays and the responsibilities that it assumes . . . Recent indications of this include its initiative towards the creation of a South American community.”\(^{51}\) Sean W. Burges has put it more bluntly. He labelled the CSN “a largely Brazilian-led venture,” which “may herald a future of dependence on an emergent regional Brazilian hegemony.”\(^{52}\)

The projection of Brazilian influence throughout the region is not simply taking the form of trade policies. The democratically elected government of Haiti

\(^{48}\) Ibid., p. 76.


was overthrown in 2004, in a coup largely engineered by some of the traditional big imperialist powers of the West—the United States, France and Canada. But since the coup, Brazil has taken the lead in the occupation of Haiti,

sanctioning the controversial foreign intervention in which former Haitian President Jean-Bernard Aristide was removed from power. This sets a delicate precedent for the region, since many neighboring countries could potentially be considered candidates for intervention, due to serious institutional crises. Venezuela and Bolivia are just two examples.  

Finally, Brazil’s projection of its power regionally is underpinned by economic expansion. This is something well known by the poor in Bolivia, who engaged in “sustained mass protests … against Brazilian exploitation of gas reserves, including the bombing of Petrobras’ Santa Cruz office” in 2005. The confrontation between Bolivia and Brazil grew even more intense on May 1, 2006, when the newly elected Bolivian president, Evo Morales, began taking control of 53 energy installations in the country, including gas fields, pipelines and refineries. “The pillage of our natural resources by foreign companies is over,” Morales declared. The largest of these foreign companies is Petrobras.

Parallel to the second summit of the CSN in December 2006, more than 4,000 delegates gathered for the “Second Social Forum for the Integration of the Peoples.” The main summit focused on infrastructure initiatives, looking to unlock the region’s economic potential, but was unable to map out a concrete plan to operationalize these initiatives. There was discussion of moves toward political integration, including the idea of a continent-wide and perhaps Latin American-wide parliament, but again no concrete steps were taken. The parallel summit, however, pulling activists from the labor unions, peasant organizations and other grassroots organizations, had a much clearer focus. This could be seen from a document drafted by the Hemispheric Social Alliance and presented to the delegates at the main summit. The document explicitly rejects neoliberalism and the FTAA. It recognizes the need for infrastructure development in the region but argued that projects leaning too heavily on international capital “should be rejected in favor of proposals for infrastructural integration that emerge from the necessities of the peoples.” It argues that none of this can go forward without taking into consideration environmental concerns and the national rights of indigenous people. And in an open challenge to Brazil, in particular, it states that “we come with deep concern over the presence of our troops in Haiti and we believe that the withdrawal of these military forces should begin immediately.”

If the UNASUR/CSN project, as has been argued here, is rooted in a “politics from above”—deep-rooted institutional and structural processes working

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themselves out in opposition to US hegemony, but rooted in the class power structure of Latin America—the alternative summit was an expression of the other force which is propelling change in the region: the emergence of mass organizations and mass movements of the poor and the oppressed, a regional integration “from below.” Significantly, this movement from below has strong links with some of the governments in the region. President Morales helped to organize the Social Forum, and Morales, Chávez and Nicaragua’s president-elect, Daniel Ortega, attended its 40,000 strong closing rally. These three are all associated with the “other” attempt at regional integration, the Bolivarian Alternative for the Americas (ALBA).

The Bolivarian Alternative for the Americas

In December 2004, Fidel Castro Ruz, president of the Council of State and Ministers of Cuba, and Hugo Chávez Frías, president of the Bolivarian Republic of Venezuela, signed an historic agreement—the Bolivarian Alternative for the Americas. ALBA has become synonymous with the radical reforms underway in Venezuela and a symbol of the hopes for radical transformation that have emerged with the move left in Latin America as a whole. With the election of Morales, Bolivia entered the ALBA mix, formally joining on April 30, 2006. From looking north to the Caribbean, ALBA had now spread south. And on January 11, 2007, the newly elected Ortega added Nicaragua to the grouping.

First, what is the “Bolivarian Alternative for the Americas”? According to the (almost always) anonymous writers in *The Economist*, ALBA “consists mainly of cheap oil and a rhetorical declaration against poverty.” But is the opprobrium of *The Economist* motivated by the merits (or perceived demerits) of ALBA or because of the ideology which it represents? According to Chávez, ALBA is “a flexible model for the integration of Latin America that places social concerns in the forefront.” The text of the agreement signed between Venezuela and Cuba, on December 14, 2004, shows clearly that—at least as it is worded—Chávez is right, and it is an agreement that, by speaking in explicitly anti-neoliberal terms, would of course raise the ire of *The Economist*.

The document uses language not usually associated with bilateral trade deals. Cooperation between the two countries will be based “not only on solidarity principles … but also … on the exchange of goods and services that are most beneficial for the economic and social needs of both countries.” This “trade” document is in fact about much more than trade. It focuses on some crucially important social issues. The two countries agree to work together to eliminate illiteracy. Cuba offers, as part of the trade deal, “2,000 university scholarships a year to Venezuelan young students.” In addition, “Cuba puts at the disposal of the Bolivarian University … more than 15,000 medical professionals.” The two countries agree to “collaborate in health care programs for third countries.” And

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58 Also referred to as the Bolivarian Alternative for Latin America and the Caribbean.
59 Office of NAFTA and Inter-American Affairs, *op. cit*.
where traditional trade deals use language like “comparative advantage,” ALBA instead argues, “the political, social, economic and legal asymmetries of both countries have been taken into account.” And in what is perhaps, economically at least, the document’s most innovative position, “both governments accept the possibility of compensated trade”—opening the door to an exchange of goods bypassing the financial markets.61

Just over four months later, at the first Cuba–Venezuela meeting for the application of the ALBA, a series of stunning decisions were announced. The meeting was held under the rubric of Article 3 from the original ALBA agreement, which states:

Both countries will draft a strategic plan to guarantee the most beneficial productive complementation based on rationality, the existing advantages on both sides, economy of resources, increase of useful labor, access to markets, and other considerations based on a true solidarity that would promote the strength of both parties.62

Among the many initiatives, it was agreed to:

- in the health-care sector—establish in Venezuela more than 1,000 health-care centers of various sorts that would offer services free of charge; train in Venezuela 40,000 doctors and 5,000 health technology specialists; train in Cuba, 10,000 Venezuelans in medicine and nursing; continue the work of 30,000 Cuban doctors and other health-care workers located in Venezuela; and offer free eye surgery in Cuba to 100,000 Venezuelans.

- in the education sector—continue Cuban–Venezuelan collaboration to eliminate illiteracy in Venezuela (a project involving teaching 1.46 million Venezuelans to read and write); work with 1.262 million Venezuelans to upgrade their studies to the sixth-grade level; and work with high school students to help give them access to university.

- in the economy—“the two delegations also identified 11 projects for the establishment of joint ventures and other methods of economic complementation in Cuba and Venezuela which will be progressively formalized once studies underway confirm their economic viability,” including initiatives in iron and steel, railway infrastructure, maritime transport (including enlargement of the supertanker base in Matanzas, Cuba), nickel and cobalt mining, and the repair and construction of sea vessels.

The concluding words of the document are worth quoting in full:

[B]oth delegations formally pledge to spare no effort until the dream of Bolívar and Martí of a Latin united and integrated America and Caribbean is attained. As the Joint Declaration expresses: “… we fully agree that the ALBA will not become a reality with mercantilist ideas or the selfish interests of business profitability or national benefit to the detriment of other peoples.” Only a broad Latin Americanist vision, which acknowledges the impossibility of our


62 Ibid.
countries’ developing and being truly independent in an isolated manner, will be capable of achieving what Bolivar called “... to see the formation in the Americas of the greatest nation in the world, not so much for its size and riches as for its freedom and glory,” and that Martí conceived of as “Our America,” to differentiate it from the other America, the expansionist one with imperialist appetites.\textsuperscript{63}

The whole ALBA process, then, does not just implicitly challenge neoliberalism and the FTAA. That challenge is explicit and embedded in the very founding documents of the ALBA process.

A more formal articulation of the ALBA philosophy was prepared in February 2005 by the Venezuelan Bank of External Commerce (Bancoex). This document argues, “ALBA places the emphasis on the fight against the poverty [sic] and against social exclusion”. Bancoex situates ALBA as an international trade extension of the philosophy and politics of the Bolivarian state:

The Bolivarian Government of Venezuela is against the processes of liberalization, deregulation and privatization that limit the capacity of the State and the Government to design and to execute policies in defense of the right of our people to have access to essential services of good quality and at good prices ... For the Bolivarian Government of Venezuela, the public services are for satisfying the needs of people, not for commerce and economic profit. Therefore, its benefit cannot be governed by the criteria of profit but by social interest.\textsuperscript{64}

The document argues that recognizing and “correcting asymmetries” between participating countries has to be at the centre of the development and application of ALBA. “The idea is to help the weakest countries to overcome the disadvantage that separates them from the most powerful countries of the hemisphere.”\textsuperscript{65} To this end, Bancoex argues for the creation of “Compensatory Funds of Structural Convergence.” Teresa Arreaza calls this the “corner stone in the design of ALBA,” a mechanism to ensure that trade relations do not become the institutionalization of a hierarchy of nations, but a mechanism for the leveling of that hierarchy, in the interests of the poorest and smallest economies.\textsuperscript{66} Analysts familiar with issues in Canadian federalism will be aware of long-established political mechanisms whose justification is transferring wealth from rich to poor sections of the polity; that is the rationale behind the “equalization payments” that are embedded within the fiscal structure. But the similarity is only formal. The ALBA proposals are equalization payments on a hemispheric basis, transcending national borders, and imbued with a distrust of traditional trade deals—equalization on anti-neoliberal steroids.

\textsuperscript{63}“Final Declaration from the First Cuba-Venezuela Meeting for the Application of the ALBA,” Anti-Imperialist News Service, <http://www.anti-imperialist.org/cuba-venezuela_5-7-05.htm >.


\textsuperscript{65}Ibid.

ALBA: Expanding the Scope

“Why waste time . . . in looking for answers ‘in the air,’ since ALBA . . . ‘is the answer?”67 This was the advice from Ricardo Alarcon, president of the Cuban National Assembly, speaking on January 25, 2006, at the opening panel of the World Social Forum in Caracas. Alarcon was capturing, without question, the massive enthusiasm with which ALBA has been received by the social movements, and there are some signs that this enthusiasm is justified. From its base in Venezuela and Cuba, ALBA-type relations have begun to spread.

In late 2005, Chavez proposed a joint energy initiative—Petrocaribe—focused on the Caribbean countries. It quickly met with “an enthusiastic response”68 and as of November 2005 “a dozen countries have signed on.” The key to the deal is easy credit and low-interest rates for Caribbean states buying Venezuelan oil. As oil prices rise, countries will be eligible to borrow a greater and greater portion of the total cost—from 5% if oil falls below $20 a barrel, to a maximum of 50% if oil prices top US$100 a barrel. In addition, loans can be repaid over a period of 17 to 25 years at an interest rate frozen at 1%. Critics call this a “buy now, pay later” deal, saying that this will increase the debts of the already indebted, and very poor, countries in the Caribbean.69 This criticism falls down on several counts, one being simple arithmetic. Given that there are numerous investments where returns far greater than 1% are possible, the enthusiasm of the Caribbean states is understandable. In effect, money borrowed from Venezuela at 1% can be invested elsewhere for a greater return—the type of activity that is normally reserved for the biggest transnational banks. What the critics also ignore is that—instead of building up debt—Caribbean countries have the option of paying for the oil with “goods like sugar or bananas, or services.”70

Prior to Morales’ formal adherence to ALBA, Venezuela signed with Bolivia eight agreements reminiscent of its ALBA-inspired deals with Cuba. The most important of these is an agreement to exchange Bolivian agricultural produce for as much as 200,000 barrels of Venezuelan diesel a month. On top of this, Venezuela said it will purchase (with currency) an extra 200,000 tons of soy and 20,000 tons of poultry a year. “Bolivia has also accepted Venezuelan assistance with energy development. Chavez said that PDVSA, the Venezuelan state oil company will be available to advise Bolivia on energy policy.”71

ALBA: Stretching the Definition

This is a remarkable story—Venezuela, Cuba, some Caribbean island economies and now Bolivia and Nicaragua all engaging in trade relations on the basis of explicitly anti-neoliberal policies, or more accurately on the basis of policies

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which explicitly challenge the “trickle down” free-market logic of neoliberalism. But many commentators go further than this. The ALBA-led reorganization of the southern half of the Americas is often extended far beyond the examples listed here. I will quote these at length, because the point is important; ALBA is often (perhaps usually) seen in far broader terms than has been painted in this paper.

The Economist treats Petrosur, Petrocaribe and “Petroamérica (in Central America and Mexico),” as qualitatively similar initiatives seeing all as “part of a broader plan to form ALBA … as a response to the US-initiated attempt to create a Free-Trade Area of the Americas (FTAA).” Pedro Monreal, writing in NACLA Report on the Americas, outlines the ALBA-inspired agreements between Venezuela and Cuba, but then goes on to argue that “the Bolivarian Alternative for the Americas (ALBA) is conceived as a much larger process of alternative integration for Latin America and the Caribbean … To this end, the ALBA has taken notable strides … through the PetroCaribe and PetroSur energy agreements.” Walden Bello and Marylou Malig quote Chávez without comment when, at the World Social Forum, he (Chávez) treated Petrocaribe and Petrosur as similar initiatives. “In his Petrocarib initiative, 13 countries in the Caribbean importing Venezuelan oil get a 40% discount off the international market price of oil. In the Petrosur project, Bolivia exchanges soybeans and Argentina trades cattle for Venezuelan oil. This [sic] kind of exchanges, he underlined, go ‘beyond the logic of capitalism.’”

Peter Hakim, writing in Foreign Affairs, lists as ALBA-inspired initiatives not just Petrocaribe but also Venezuela’s entry into full partnership in Mercosur, “South America’s most important free-trade zone, which also includes Argentina, Brazil, Paraguay, and Uruguay,” as well as the proposed “creation of Petrosur, which would be a confederation of the region’s state-owned petroleum companies.” Stephen Lendman also links ALBA and Mercosur: “Venezuela has recently joined with Brazil, Argentina, Paraguay and Uruguay in the Mercosur trading alliance that should strengthen ALBA.” Sheila D. Collins takes the analogy beyond Mercosur. Accurately describing ALBA as a trade agreement which is “based on social solidarity and justice,” she goes on to state:

While Cuba is thus far the only nation to have fully accepted the ALBA, other countries in the region have been moving toward it in their own way. In a Latin American summit held in December 2005, 12 countries signed an accord to merge the region’s two trading blocs, the Andean Community of Nations and the Southern Common Market (Mercosur) into a single South American Community of Nations (CSN).
Néstor Sánchez makes the same point: “Petrosur will also be part of other regional initiatives such as Mercosur, the South American Community of Nations and ALBA, which is an alternative to the FTAA.”

These are very large claims. ALBA is to be seen not simply as a series of bilateral deals between Venezuela and some of the smaller states in the region, but in conjunction with the much more ambitious region-wide initiatives such as Petrosur, pre-existing institutions like Mercosur and proposed extremely ambitious institutions like the Union of South American Nations. But this paper has argued that Petrosur, Mercosur and like institutions have a very different origin and logic than that of ALBA. They are embedded in the Brazil-centered UNASUR/CSN initiative; ALBA’s origins are in the mass movements that have transformed politics in Venezuela, Bolivia and elsewhere. More than just regional integration, ALBA’s focus has been on a far more open challenge to neoliberalism than that associated with UNASUR/CSN, and at times a challenge to capitalism itself.

A Direct Challenge to Neoliberalism, a Partial Challenge to Capitalism

The ALBA initiatives taken to date challenge every aspect of neoliberalism. The role of the state is asserted rather than the role of the corporation. The primacy of using the state to extend and deepen social services is asserted, rather than opening up these services to the uncertain mercies of the world market. Energy security is seen as being in the purview of the state, again not something left to the “logic” of the market. Not only are local industries and small peasants not abandoned, the protection of each is asserted in the ALBA initiatives taken so far. And while workers’ rights have not yet been explicitly dealt with, these rights are enshrined in an unprecedented way in the new constitution of Venezuela, and ALBA is in a very real way an extension of the reforms undertaken to date in Venezuela.

Susan George has argued that prior to the advent of neoliberalism:

“...the idea that the market should be allowed to make major social and political decisions; the idea that the State should voluntarily reduce its role in the economy, or that corporations should be given total freedom, that trade unions should be curbed and citizens given much less rather than more social protection—such ideas were utterly foreign.”

George is presenting a somewhat airbrushed view of the Keynesian era. But it is certainly true that the extreme extension of market rule—giving corporations rights while stripping them from workers, peasants and governments—has been far more marked in the modern, neoliberal era, than in the earlier, Keynesian one.

At the very least, ALBA represents an attempt to return to that earlier, Keynesian era, where governments imposed limits on corporate rule and workers, peasants and the poor had some scope to legitimately organize in defense of their

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own rights. This does not in itself go beyond the bounds of capitalism. Keynesianism and the “welfare state” era did, after all, come to fruition during the most powerful economic boom ever experienced by the capitalist system.

It is important to remember, however, that capitalism is not reducible to neoliberalism and that alternatives to capitalism are not reducible to Keynesianism. The neoliberal “moment” has been so long, and the submersion of left-wing alternatives so thorough, that an understandable pessimism permeates much of the anti-neoliberal literature. Duménil and Lévy have provided one of the most thorough dissections of the neoliberal project. The authors are explicit that their alternative vision to neoliberalism is restricted to that of Keynesianism:

Keynes’s work is indeed that of a reformist. His brilliantly open, but still socially limited perspectives were nevertheless the only alternative to a more radical road—that of real socialism and social-democratic alternatives—that we have known for decades to have gone wrong, everywhere.80

Their analysis focuses on Europe, where capitalism long ago established itself as “mature capitalism”—based on high labor productivity, a high standard of living, a detailed division of labor and a mass movement of people from the countryside to the cities. Perhaps in such a context, being satisfied with Keynesianism as an alternative to neoliberalism can be understood.

But Latin America is at the other end of the development spectrum. There remain vast pools of rural and urban poverty. Labor productivity is relatively low, and standards of living are very low. The region is just emerging from a generation-long decline, a victim of some of the most intense capitalist restructuring any region has ever experienced. There are real pressures, then, for any alternative to neoliberalism in this region to become more than that—to become a challenge to capitalism itself.

One aspect of ALBA takes a step in this direction, challenging the logic of capitalism itself. Institutionalizing the possibility of “trade in kind” between countries is a direct assault on the money-based trading networks that have dominated the world since the emergence of capitalism. These initiatives are not reducible to the “trade-in-kind” arrangements between the Soviet Union and Cuba in the 1960s. The Soviet Union was a developed industrial power at the top of the hierarchy of nations, and Cuba was an oppressed dependency that had very little say over the terms. By contrast, the ALBA countries are all poor nations, emerging from oppressive conditions, and beginning to challenge imperialist rule. The Cuban ambassador to the UN, Orlando Requeijo, said in 2005: “ALBA is based on the integrative, complementary use of resources. Some of the things we are trying to do are to end customs tariffs between the two countries, develop industries both in Cuba and Venezuela and we trade in kind or in other currencies. We do not have to rely on the US dollar for anything.”81 This puts trade and economic relationships between countries on a completely different footing from that imposed by capitalism. Instead of being at the mercy of price movements, countries can openly identify areas of economic need, openly discuss what economic strengths they possess to “trade” for goods and services that they need.

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80 Duménil and Lévy, op. cit., p. 204.
and directly exchange those goods and services without recourse to money. In such an arrangement, there is no room for banks, currency speculators or private capitalists. Capital accumulation retreats into the background and the articulated needs of each country’s population moves to the foreground—at least in theory. It is an extraordinary and bold assertion, that a better world is in fact possible.

Conclusion: Regional Integration from Above, or from Below?

The scope of the projects outlined here is breathtaking—and very bold. If oil prices stay high—that is, if China can sustain its incredible growth, a growth that is fueling an upward spiral in demand for and price of oil—then this pipeline development strategy may work. If the pipeline strategy works, then it is conceivable that the Union of South American Nations could emerge as an independent actor on the stage of the world economy.

A real sense of urgency is driving these energy projects. As Héctor Ciavaldini—"one of the first truly Chavista presidents of PDVSA," according to Christian Parenti—says: "if we do not get this right, we are doomed. I don’t just mean the revolution, or Venezuela. I mean all of Latin America. If we fail, it means another century of misery, violence and hunger."

The assertion of sovereignty against US-led imperialist hegemony is a step of enormous importance for Latin America, whether that step takes the form of UNASUR or ALBA. Whatever form that assertion of sovereignty takes, it will be met with hostility from the US, whose role as hegemon in the region is being openly challenged, perhaps to the greatest extent in its long history of regional dominance. This looming confrontation between the US and Latin American attempts at regional integration is the defining aspect of the whole picture.

But it is nonetheless necessary to ask the question whether the UNASUR/CSN project is compatible with ALBA? “Another World Is Possible” has been the unifying slogan of the anti-neoliberal movement, which is the necessary background to all of these events—a massive upheaval, particularly in Latin America, against the inroads of neoliberal capitalism. So it is right to ask, what is the new world being promised by the UNASUR/CSN?

It is, for starters, not clearly anti-capitalist. PDVSA—a corporation at the heart of the UNASUR/CSN project—might be a nationalized company, but that does not necessarily make it anti-capitalist. As Araque points out, the oil industry in Venezuela "rests on three pillars: state capital, national private capital and international private capital. Currently, over 50 international companies develop business in the hydrocarbon sector in Venezuelan territory." The Venezuela–Colombia pipeline will be built in conjunction with Chevron/Texaco. Not all relations are smooth. On the weekend of April 1–2, 2006, Venezuela took control of the offices of Total SA “when the French company refused to sign an agreement to turn the site [at Jusepin] over to a state-run joint venture.” This clearly

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83 Araque, op. cit.
84 Weinberg, op. cit.
represents in part a reassertion of the state over the free rein of the multinationals. But we know from the long experience of the 20th century that state ownership in itself is completely compatible with the logic of the capitalist market.

Moreover, there is a growing unease among the indigenous peoples whose land is in the path of these pipelines. Carlos Tautz from the Brazilian Institute for Social and Economic Analyses states:

We challenge the logic of this integration project: once again, it is an export-oriented trade integration. The projects affect sensitive social areas, which are seen as spaces for increasing the agricultural production for export purposes, which has a low commercial value and a high social and environmental impact.86

Indigenous people’s concerns about the regional development projects are not confined to Brazil. On January 27, 2006, toward the end of the World Social Forum, 2,000 participants, including “activists from Brazil, Canada and Colombia,” joined some 150 indigenous protesters in downtown Caracas. They were protesting plans by the Venezuelan state-run company Carbozulia to begin mining coal along the Socuy River. One of the protest organizers, environmentalist Lusbi Portillo, said “we know the mine will degrade the environment . . . in the area where indigenous communities live off the land.” “What we want is for President (Hugo) Chávez to simply state that no concessions will be granted, and that the land that belongs to indigenous people will be formally awarded to them,” said Avelino Korombara, a member of the Bari community from an area near the Venezuela–Colombia border.87

Chávez says that the pipeline agreement with Argentina and Brazil represents “the end of the Washington consensus . . . It is the beginning of the South American consensus.”88 Chávez is possibly right. Replacing neoliberalism with state-led economic development, attached to improvements in social welfare, is in complete contradiction to the neoliberalism represented by the Washington consensus—but it is well short of the “21st century socialism” that the promise of ALBA seems to embody. We know from bitter experience that state capitalism and social welfare reforms can lead to improved conditions for workers and the poor while the world economy booms, but can unravel in a terrible fashion when that boom falters.

Venezuela, Brazil and the other countries in the region are only asserting their sovereignty when they build a regional bloc independent of the FTAA. They have the right to do so, with or without the say so of George Bush. This might become a centrally important issue, should the US decide to intervene militarily to try and reassert its authority in the region. But to recognize this assertion of sovereignty and self-determination is not the same as confusing the innovative ALBA initiatives with the much more traditional trade bloc emerging under the rubric variously of Mercosur, the Union of South American Nations and Petrosur or Petroamérica.

The two great regional integration initiatives—the UNASUR and ALBA—each reflect different aspects of the processes driving social change in Latin America. The UNASUR represents the assertion of newly confident governments in the region, for the first time in a generation able to envisage economic and social development outside of US hegemony, and looking for an alternative path that will allow them greater room for maneuver. The UNASUR reflects the relative decline of the US, the emergence of China as a factor in the world economy, and the return to growth of the Latin American economies. ALBA reflects the mass movement and the turn to the left in Latin American politics. This mass movement has led to factory occupations in Argentina and Venezuela, land occupations in Bolivia, Venezuela and Brazil, and the election of left-leaning governments throughout the region. ALBA reflects these mass pressures—sometimes in contradictory ways, but reflects them nonetheless.

At the end of the day the decisive factor will be the actions of the people of Latin America themselves—in their millions. The latent anti-capitalism of some aspects of the ALBA process will become actual if and when stable new forms of mass democracy from below emerge in Venezuela, Bolivia or elsewhere in the region. That story is still being written. For analysts in the Global North our task is twofold: first, to follow that story, listen to it and learn from it; second, to help provide the intellectual ammunition to oppose our states when they decide to intervene in the historical events unfolding in the poorest countries of the hemisphere. We do not know if what is unfolding in Latin America will grow over into a new, socialist alternative to capitalism. We do know from bitter history that this will never happen without a campaign in the Global North to insist on the region’s right to self-determination.