

## EDITORIALS

### THIS ISSUE

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In 2008, at the beginning of the global financial crisis, the international speculator George Soros questioned the dogma which allowed him to make his fortune, stating, 'Since market fundamentalism is built on false assumptions, its adoption in the 1980s as the guiding principle of economic policy was bound to have negative consequences.' These 'negative consequences' are now increasing daily as neoliberal globalisation begins to implode: a US national debt of over 13 trillion dollars unpayable out of its de-industrialised national economy, and only temporarily sustained by printing money; a Eurozone crisis which International Financial Institutions (IFIs) and governments wish to solve by austerity programmes that are testing the political tolerance of national populations; and mass protests and regime change in North Africa and the Middle East, largely precipitated by growing inequality and rising food prices as international speculators seek to maximise profits by targeting basic commodities. Instead of the 'trickle down' that neoliberal globalisation promised, it would seem that we are experiencing a 'flood upwards' as money resources and opportunities are increasingly condensed in the hands of a few elites. In Latin America, GDP per capita grew by 75 per cent from 1960 to 1980, whereas from 1980 to 2000 it has only risen 6 per cent. A recent UN report indicates that today 45 per cent of Latin American children live in poverty. However, poverty and inequality are not confined to the developing world and in the twenty-first century the US is registering wealth distribution ratios similar to the 1920s. Today the richest 10 per cent own 85 per cent of the wealth and the richest 1 per cent appropriate 24 per cent of all income; a 9 per cent increase since 1976. It is also becoming clear as China begins to turn inwards, India and Brazil fail to adequately address the problems of growing inequality, and Russia is increasingly constrained by US geopolitical strategies on its western and southern flanks, that the BRICs will not help the world out of recession. Globalisation has given us, for the first time in history, a transnationally integrated system of finance, production and political power at whose

apex is a transnational capitalist class (TCC) with a logic of self-preservation that is becoming a threat to the survival of humanity. It is in this context that we should consider the viability of the Bolivarian Alliance for the Peoples of Our America – ALBA (initiated by Cuba and Venezuela in 2004, joined by Bolivia in 2006, Nicaragua 2007, Dominica 2008, Honduras 2008 but now withdrawn, Ecuador, Antigua and Barbuda, St Vincent and the Grenadines 2009). However, as several of the authors below point out, the dominant hegemony of the TCC and its media have avoided talk of such alternatives, and outside of its own sphere of influence the Alliance is hardly known. It is significant therefore that these articles originated as contributions to the first major conference to be held on ALBA in the UK, which took place in 2010. All show that ALBA is designed to challenge the ‘false assumptions’ of the previous decades and build a process of development that puts people first. As the global crisis deepens, ALBA may be seen as a ‘new dawn’ for all of us.

Thomas Muhr’s ‘Conceptualising the ALBA-TCP: Third Generation Regionalism and Political Economy’, argues that this is the only agreement in Latin America and the Caribbean that seeks to integrate the entire region. From a historical perspective based on ‘generations’ of regionalism, it is also seen as a powerful and well conceived departure from other developmental projects centred around the neoliberal concept of ‘open regionalism’. However ALBA’s progress will be influenced by the continuance of previous strategies of regional integration, although ultimately it seeks to become the ‘principal organ’ in the area. Not all of these are in opposition to ALBA, as in some cases they are also transforming to accommodate new circumstances. Importantly, ALBA is seen to distinguish itself from ‘second generation’ (neoliberal) regionalism because rather than emphasising commercial initiatives and creating ‘export platforms’, it is dedicated to social integration, region-building and takes into account political, military and cultural factors; a replacement of ‘comparative advantage’ with ‘cooperative advantage’ in the parlance of ‘21st Century Socialism’. From a political economy perspective ALBA is seen to represent a form of endogenous development that counters globalisation’s weakening of the state by deregulation of capital and production and the empowerment of Transnational Corporations (TNCs) and IFIs. In this highly developed analysis, the author gives many examples of functioning ALBA initiatives and future plans; demonstrating how the whole project has economic, political, social and ideological coherence.

Ken Cole’s ‘Progress into the 21st Century: The Bolivarian Alliance for the Peoples of Our America’ begins by giving a useful background and context to the ALBA initiative. He argues that a crucial aspect of the Alliance is to challenge the exogenously driven model that characterises modern capitalist societies, and replace it with an endogenous process which is adjusted to human need and allows

citizens to take control of their own development, rather than be dominated by external forces or local representatives of such forces. At a macro level this involves favourable trade agreements based on a form of 'socialist' comparative advantage in which, for example, 13 Caribbean states have signed a low interest credit deal to buy Venezuelan oil at 40 per cent below the market price, and Bolivia exchanges agricultural produce with Venezuela for diesel oil. In the above contexts ALBA is seen to challenge the whole rationale of capitalism and particularly globalisation, its most recent manifestation. The essence of Cole's article is that ALBA represents more than an alternative regional initiative to challenge the economic, political and cultural domination of neoliberalism, but is also a transformative process in which societies and individuals re-learn the art of working cooperatively to take control of their lives and futures.

In 'The Bolivarian Alliance for the Americas: An Alternative Development Strategy', Helen Yaffe outlines the regional and international context in which ALBA has emerged and is expanding. She examines the unequal terms of trade experienced by the region, internally as well as externally, and which ALBA is designed to counteract. Her analysis begins with a historical perspective of Latin American development and examines the ideas and influences embedded in ALBA which distinguish it from previous regional trade blocs and generate its potential to transform the domestic production, distribution and development priorities of participating states, challenging the coercive power of international financial institutions and multinational corporations. This is supported by quotes from supporters of ALBA, such as the President of Ecuador, Rafael Correa, who emphasise the cooperative rather than competitive ethos which underpins this new regional initiative. Central to the creation of ALBA was Cuba's ability to survive the collapse of the socialist bloc and provide not only vast social support to Venezuela and other countries, but also to give a progressive foundation on which to build a wider socialist project. The article shows how this is supported financially by the Bank of ALBA, which was established in 2008, and a regional currency the SUCRE (2010). Although these financial mechanisms are still weak and underdeveloped, their existence is an indication of the reach envisaged by the Alliance's designers. Besides the economic and financial mechanisms are a number of social, cultural and media initiatives, such as the health cooperation between Cuba and Venezuela, Telesur and Radiosur. In this context the author makes the vital point that ALBA's strategists seek not just 'development' but also a counter-hegemonic ideology which rejects consumerism and materialism and emphasises cooperation and solidarity.

Rosalba Linares's 'The ALBA Alliance and the Construction of a New Latin American Regionalism' also sees the Alliance in terms of a counter-hegemonic strategy. The author demonstrates how ALBA evolved and distinguished itself from

other regional initiatives, which focus on neoliberal influenced ‘open integration’. She also examines ALBA’s internal structure and operations with their emphasis on state intervention, popular participation and fair trade as new more sustainable routes to development than global market competitiveness. Significantly, as a Venezuelan she explores the attitude of academics from her country to ALBA. She finds their response disappointing as most are critical, or view the initiative from the perspective of US-Latin American relations, revealing how Washington sees this radical regional project as a threat and has taken actions against its member states, including their leaders. This article shows how despite the relevance of ALBA, its opportune timing, increasing success and growing popularity, it is still not acknowledged as a viable regional initiative among analysts, even in Venezuela. It would seem that the author’s peers are as compromised as their First World counterparts with the ‘end of history’ mindset and unable to escape from the myth it has generated.

Norman Girvan’s ‘Is ALBA a New Model of Integration? Reflections on the CARICOM Experience’ sets out to explore the claim that ALBA is a superior model of integration to schemes based on neoliberalism, using as examples the experiences of Caribbean countries who are members of both types of regional grouping. The author makes an excellent analysis of ‘Open Regionalism’ initiatives such as CARICOM and the Economic Partnership Agreement (EPA) with the EU, which are closely associated with globalisation and World Trade Organisation (WTO) rules. He argues that these arrangements lead to ‘asymmetrical neoliberal integration’, which is exacerbated by the priorities given to TNCs and foreign capital over local enterprise and development. This claim is supported by a comprehensive list of differences between the Bolivarian and neoliberal integration models, followed by practical examples of the benefits of ALBA to selected Caribbean islands. Although the author finds the ALBA model viable and potentially sustainable, he warns that the initiative has a high degree of dependence on Venezuelan financing and Cuban human resource capacity. In this context it is perhaps not its economic performance so much that will be the measure of its success in the short term, but the physical and political survival of key leaders.

Maribel Aponte-García, in her article ‘Intra-Regional Trade and Grandnational Enterprises in the Bolivarian Alliance: Conceptual Framework, Methodology and Preliminary Analysis’, provides an explanation and assessment of ‘grandnational enterprises and projects’ (GNEPs). This concept and strategy has been devised within ALBA as an alternative to ‘Open Regionalism and Outward Integration’, as promoted in other initiatives such as the US-led Free Trade Area of the Americas (FTAA) and MERCOSUR. In contrast GNEPs seek to coordinate production and provision of services at a regional level to coincide with the social and economic demands of the intra-ALBA ‘fair trade zone’. A central component of

this strategy is collaboration between state enterprises of two or more countries and the formation of intra-regional networks. This involves establishing trade and cooperation agreements that are responsive to the asymmetries between different countries, thereby promoting development-orientated regionalism. These ideas are linked to 21st Century Socialism that gives priority to the state and public sector as engines of growth and redistribution, but which does not exclude the market and foreign investment. Assessing the effectiveness of ALBA, the author produces evidence of increases in intra-regional trade during its first five years of implementation. Importantly the findings suggest that this expansion is not as dependent on the Venezuelan petroleum industry as some critics have claimed. Indeed this sector came in third place in terms of growth after Food and Agriculture and Industry, and has now been overtaken by Health and Medicines.

Emine Tahsin, 'Development Economics in ALBA'. This author seeks to analyse ALBA as a development strategy rather than an alternative integration process. Arguing that despite attempts at semi-independent development after the Second World War, since the 1950s Latin America's prospects in this field have been dominated by the Washington Consensus. However despite this constraint, reactions against the past few decades of neoliberal policies, including the emergence of New Social Movements, have shifted the development agenda. Among these are recent trends such as: neodevelopmentalism, neostructuralism and the Bolivarian alternative, ALBA. Significantly, it is acknowledged that the kind of endogenous development that all these models assume, to varying degrees, will be more difficult to implement in the context of neoliberal globalisation, which has weakened the control of the state over the economy and society. However, analysing these various trends, the author concludes that ALBA has the most potential to produce a break with the dominance of the neoliberal global model.

John Kirk, 'Cuban Medical Cooperation within ALBA: The Case of Venezuela'. As the ALBA initiative is hardly known outside of its area of influence, neither is Cuban medical internationalism. This is perhaps even more astonishing than the former as there is no question that Cuba is a 'World Medical Power', with an immense and impressive scale of cooperations, including in most developing countries. As the author perceptively points out, this is not just a lack of knowledge but a fundamental ideological barrier; in the West 'aid' is seen as the transfer of technology and expertise based on paternalism and there is a failure to comprehend such values as 'cooperation and human solidarity' on which Cuba's international health mission is founded. Among Cuba's foreign cooperations the largest and most impressive is with Venezuela, where almost 30,000 Cuban medical personnel are transforming the country's system of health care. Kirk goes on to detail Cuba's health initiative in Venezuela, addressing such programmes as Barrio Adentro which is the principal mechanism for delivering health care to the population

through a system of ‘consultorios’. Of all ALBA’s developments this is perhaps the most impressive and tangible and is now becoming one of the major vehicles of social integration and development of the Bolivarian Alliance.

Michael Erisman’s, ‘ALBA as a NeoBolivarian Challenge: Prospects and Problems’, repeats the very relevant point that knowledge of ALBA hardly exists in the world outside of its orbit. From the US and Western perspective, it is the NeoPanAmericanism which underpins the FTAA and NAFTA that have attracted most attention and which is presented as the ‘only game in town’. To juxtapose ALBA against this dominant hegemony, the concept of NeoBolivarianism is employed; a concept that has a long tradition from Bolívar, through to Martí, Sandino, and many others who have championed the independence of the Hispanic South from the ‘colossus’ of the North, among whom Chávez is the most recent. The author traces the rise of Chávez and formation of the Venezuela–Cuba connection which is central to the formulation and development of ALBA. Considering ALBA’s prospects as a regional unifying body with an alternative agenda to the NeoPanAmerican model, he sees growing potential, but warns that without the participation of major Latin American economies such as Argentina and Brazil its ability to become a counterbalance will be limited. Moreover Brazil, the main economic power in Latin America and a BRIC nation, has wider objectives of becoming a global player in its own right, in which organisations like MERCOSUR may serve its ambitions better than ALBA.

This impressive and wide ranging series of articles demonstrate the scope, potential and relevance of ALBA, making the conference out of which they emerged, and the current issue of the Journal, significant milestones in creating a better international understanding of this important Latin American alternative to globalisation.