

# **Unity and diversity in Latin American visions of regional integration: a comparative analysis of Mercosur and Alba**

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Outside Europe, Latin America is the region in the world where regionalism has the longest tradition and has arguably achieved the most deepened and sophisticated forms. In Europe, in spite of different understandings of the essence and goals of regional integration, and different degrees of support for its deepening and enlargement, there is a convergence of efforts towards a unitary project, the European Union. Other collateral initiatives are mostly subservient to or at least compatible with the EU scope and aims. In Latin America, meant to be an expression of unity and solidarity, regionalism has now turned out to be a stark reflection of Latin American diversity and heterogeneity. Even in the presence of ideological affinities and compatible international interests between a majority of the current left-leaning administrations, Latin American regionalism is characterised by a number of competing projects, at times with divergent if not incompatible rationales and agendas.

The long tradition of theoretical elaboration of Latin American regionalism dates back to the first half of the 19<sup>th</sup> century. In his 1815 letter from Jamaica, Simon Bolivar proposed the constitution of a federation of Hispanic republics as the only viable solution to pursue continental political, economic and social development. In the initial formulation of the *Libertador*, there was no anti-imperialist and anti-US connotation and Brazil was not included in the project<sup>1</sup>. By 1826 however, Bolivar came to resist the inclusion of the United States in the Congress of Panama. In 1844, the Argentine intellectual and politician Juan Bautista Alberdi proposed the creation

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<sup>1</sup> In 1815 the US had not started their economic imperialism and territorial aggrandizement policy towards Latin America nor had the 1823 Monroe doctrine yet unilaterally posed the basis for US dominance in the Americas. On the contrary, Latin America still looked at Washington favourably for the interested support received from the latter in the struggle for independence from Spain. Also, in 1815, Brazil was still under the Portuguese crown and eventually acceded to independence in 1822.

of a Latin American Union intended to foster Latin America's economic prosperity and cooperation. In this enunciation, an anti-US and anti-imperialist character was present and Brazil was to be included in the venture<sup>2</sup>. By the mid-1800s, the fundamental and enduring questions and principles of Latin American regionalism were established: the attitude to adopt towards the United States, the role of Portuguese-speaking giant Brazil in a concert of Spanish-speaking nations<sup>3</sup>, and the quest for development as the ultimate rationale for and goal of regional association. These three elements provide a basis to analyse the major differences and sometimes incongruence between the regional blocs, and their associated visions, currently operating in the Latin American scenario.

In addition to philosophical and policy differences between regional schemes, there are yet other significant differences emerging within the blocs themselves that weaken the latter's cohesiveness and viability as would be unitary regional projects. These differences are the result of substantially divergent national interests and ideologies. Discrepancies internal to the blocs partly reflect, at the state level, the same three cleavages outlined above at the regional level, namely the debate vis-à-vis the United States, Brazil and the economic and development model. Yet often and foremost they are the result of specific, if not particularistic, national political situations, trade dynamics, and leadership preferences. National distinctiveness is translated in foreign policy choices and behaviours that in turn impact upon visions, models and policies of regional integration, be the latter economic, political, cultural or otherwise. Regional integration can be seen as an integral part of a country's foreign policy, and more and more often it is in fact an instrument by which or an arena where to advance national

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<sup>2</sup> Peter H. Smith, *Talons of the Eagle*, Oxford University Press, New York and Oxford, 2000.

<sup>3</sup> See Felix Pena – article on Argentine concerns over subordination to Brazil within Unasur

interests and agendas. The tension between and the mix of ideology and pragmatism is therefore informing competing regional visions and integration projects too. As such, regional integration policy is a key element to understand Latin American foreign policies in the first decade of the new millennium.

This chapter will investigate how two regional integration schemes, the Common Market of the South (Mercosur) and the Bolivarian Alternative for the Americas (Alba) provide different responses to questions concerning the role of the US and Brazil and the desirable model of development for Latin America. The approaches of the two organisations to these questions both reflect and produce a different mix of ideological and pragmatic elements. Additional sources of tensions and divergence within each bloc will be identified and analysed. The conclusion will briefly address the issue of reality and utopia in Latin American efforts at regional integration.

## Mercosur

### Origin, evolution and current debates

The history of Mercosur began well before its formal constitution and its evolution has been characterised by traits of both change and continuity. The diplomatic rapprochement between Brazil and Argentina in the very late 1970s provided the necessary condition to eliminate security threats between the two countries and inaugurate a more cooperative phase<sup>4</sup>. The return of both countries to democracy in the first half of the 1980s produced a strong political motivation to strengthen bilateral

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<sup>4</sup> Rosendo Fraga, 1999, "La Experiencia Histórica en Brasil y Argentina desde 1966 hasta 1983: Comienzo de la Convergencia", in Lladós, José María and Samuel Pinheiro Guimarães (Eds.), *Perspectivas. Brasily Argentina*, IPRI-CARI, Brasilia and Buenos Aires, pp. 367-385.

cooperation with the aim to reinforce the fragile democracies<sup>5</sup>. The need to modernise the economy and make full use of the respective comparative advantages supplied an economic rationale for closer bilateral ties. Eventually Buenos Aires and Brasilia first announced their will to integrate in 1985 and formalised it one year later. President Alfonsín of Argentina and Sarney of Brazil conceived a mechanism of sectoral, flexible and gradual economic integration, inspired by heterodox and broadly “developmentalist” recipes that would incrementally conduce to the creation of a common market open to other Latin American countries.

With the triumph of neo-liberalism and the Washington consensus in the 1990s the Argentine and Brazilian administrations shifted to an integration model that favoured the insertion of the two countries in the globalised economy, opened up their markets and attracted foreign investments towards an enlarged regional market. To this purpose Uruguay and Paraguay were invited to sign the Treaty of Asunción establishing Mercosur in March 1991. From the outset Mercosur lost some of the initial political character that had featured the bilateral period, and it took instead an essentially neoliberal economic connotation<sup>6</sup>. The integration mantra shifted according to the prevailing economic paradigm of the time, adopting a universal, automatic, and linear removal of trade barriers. The sudden change decided by Presidents Menem of Argentina and Collor of Brazil transformed Mercosur essentially in a free trade area with some elements of an incomplete customs union and an up to now unfulfilled aspiration to a common market status. Following the Asian crisis of 1997 and the Argentine collapse of 2001, and given its incapacity to

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<sup>5</sup> Roberto Russell, 1989, *Cambio de Régimen y Política Exterior: El Caso de Argentina, 1976-1989*, FLACSO, Documentos e Informes de Investigación Nr 88, Buenos Aires.

<sup>6</sup> Gian Luca Gardini, 2007, “Who Invented Mercosur?”, *Diplomacy and Statecraft*, December 2007, 18:4, pp. 805-830.

help check the negative effects of liberalisation and to address social problems, Mercosur has gone through a period of self-reflection since the early years of this millennium.

Today, in a political scenario considerably different, both domestically and internationally, from the one where it originated, Mercosur is in search of a new role and guiding principles as well as innovative forms of accommodation of its members' interests and agendas<sup>7</sup>. Although with some significant differences, Argentina and Brazil now still favour orthodox economic management but accompanied with growing attention to issues of employment, equality, poverty reduction, and political, economic and societal inclusion. The regional vision inspiring Mercosur in this phase, if any such vision is in fact present, is a reflection of these indications. Yet the debate has not translated yet into significant reforms in content or rationale as compared to the early 1990s. The increasing dissatisfaction of Paraguay and Uruguay has also led to a reconsideration of structural asymmetries between larger and smaller members. Mercosur's current double challenge concerns both institutional deepening and enlargement. Most of all with the current redefinition of the US and Brazil's role, both in the hemisphere and globally, and with the call into question of neoliberal economics, Mercosur is repositioning itself both in conceptual and geostrategic terms.

#### The rapport with the US

Mercosur's posture vis-à-vis the United States has traditionally been ambivalent and remains such but has never reached peaks of significant tension. During the

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<sup>7</sup> Andrea Oelsner, 2009, "The Institutional Identity of Regional Organizations, or Mercosur's identity crisis", paper presented at the VI General congress of the ECPR, Potsdam, September 2009.

Argentine-Brazilian bilateral period in the 1980s the US did not pay much attention to the emerging bloc while Buenos Aires and Brasilia were eager to secure support in Washington for their democratic consolidation, debt rescheduling and economic modernisation. In the 1990s, although with varying degree of enthusiasm among its members, Mercosur aligned itself with the prevailing rules of the Washington consensus, adopting a majority of political and most of all economic reforms as encouraged by the United States. Argentina became the 'model disciple' of the neoliberal paradigm and President Menem was able to direct Mercosur along these lines, followed suit by Brazil, Uruguay and Paraguay. Mercosur became a model of open regionalism and its members welcomed the proposal of a Free Trade Area of the Americas (FTAA) launched by President Clinton at the Miami Summit of the Americas in 1994. This initiative was expected to provide new market access for the agricultural and industrial production of the four associates.

The US-Mercosur relationship and agenda in the 21<sup>st</sup> century has become increasingly complex. Mercosur, in a rare but significant signal of unity, was able to negotiate for the FTAA as a bloc with a unitary voice. The change of political sign of most Latin American governments in the 2000s, the shortcomings of neo-liberalism (upon which the FTAA was modelled), and a clear perception that the FTAA would benefit the US more than the Latin American counterparts, led to its criticism and eventually abandonment at the Mar del Plata Summit of the Americas in 2005. By then Mercosur had turned to be the bulk of resistance to the FTAA under Brazilian political leadership and the Argentine vociferous Kirchner administration and social movements. This stance of rejection contained some ideological motivation and many pragmatic elements. On the ideological side a questioning of the neoliberal principles

was accompanied with a desire for larger autonomy from the powerful neighbour of the North. On the pragmatic side two considerations emerged. First, the Southern Cone is much less dependent on trade with the US than are other parts of Latin America, such as Central America or some of the Andean and Caribbean countries. Therefore the agreement could be discussed on different terms and with the leverage of a varied portfolio of trade partners. Second, the principle of a mutually beneficial FTAA was never questioned, but what was rejected were the form and terms of the existing draft that did not address satisfactorily issues central to Mercosur's members' interests, namely agriculture subsidies and import restrictions in the industrialised world.

This posture halted the US original plan without irritating Washington too much. The US only slightly corrected the strategy by having recourse to the same type of approach but on a bilateral basis. On the one hand this appealed to and compelled the weaker and more dependent Latin American states, on the other it put pressure on the recalcitrant states increasing the price of exclusion. Moreover, Brazil and Uruguay in particular seem happy to entertain a kind of privileged relation with Washington at the edge of compatibility with their Mercosur commitment. Brazil has developed considerable affinities with Washington in the bio-fuel sector, has discovered coincident interests with industrialised countries in multilateral forums, namely the WTO, and is content with the US recognition of its regional and increasingly global role. Uruguay seems to play the US card to advance its own requests within Mercosur and threaten the partners with an even closer association to Washington. This has led to frictions within the bloc that takes us to the remaining two issues, the role of Brazil and the model of development.

## The role of Brazil

During the Argentine-Brazilian bilateral integration and in the first years of life of Mercosur the political initiative largely stem from Buenos Aires with Brasilia mastering a calculated level of support for the venture. In the 21<sup>st</sup> century this pattern seems to have been reversed. Brazilian economic preponderance and most of all its ascendance to international power status and its political links with emerging and established powers alike forced a redefinition of roles. Brazil understands Mercosur, and for that sake the rest of South America, as a platform to boost its international power claims<sup>8</sup>. Brazil intends to present itself in multilateral forums and international concerts as the regional representative of South America or at least Mercosur. In other words regional leadership is seen as a strategy or even a necessity to achieve global recognition. The other members do not have difficulties to accept Brazilian economic power regionally and beyond as a matter of fact, but they seem more reluctant to follow its political leadership. On the one hand, this somehow leaves Mercosur without a clear lead or shared project, on the other it preserves space for debate and dialogue within a bloc in which one member has about 80% of the population and the GDP. Internal frictions invariably impinge on the cohesiveness and advance of Mercosur.

## The development model

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<sup>8</sup> Miriam Gomes Saraiva and Andres Malamud, 2009, “Argentina and Brazil between continuity and change”, paper presented at the ABRI-ISA Joint Conference, Rio de Janeiro, July 2009.

This is evident in the model of development to be pursued at the regional level. With all four members under progressive, left-leaning administrations, none of which is prone to the verbal or otherwise excesses of the Chavez type, Mercosur seems to have reached a consensus on the guiding principles of regional development. Members accept the capitalist model of production, do not reject sound principles of economic management and still favour open economies and export-based growth. However, where a revision of orthodox neo-liberalism is evident is in the quest for more attention to social issues and rectification of the democratic gap, the latter attempting to rebalance between the political and economic elements informing the bloc. However, this agreement on the principles has not been translated into agreement on policies and specific measures so far. In spite of the attempt to create a social Mercosur, the bloc still remains a free trade area in which the elements of a common market that could foster or prompt social cohesion remain on the margin. The development model still largely remains, regionally and in spite of evolutions nationally, quite close to the original neoliberal paradigm. Where progress has been made on the cohesion front, this seems to be more the result of struggle for concessions than of a widespread consensus.

#### Contradictions from within

Internal differences are impinging upon the institutional advance of Mercosur but paradoxically have also prompted some of the few significant changes occurred. The creation of the Economic Convergence Fund (FOCEM) has marked the end of the equality of treatment principle among members to recognise and address the existing structural asymmetries among them. However this was not the result of a concerted

effort but rather the outcome of Uruguayan and Paraguayan complaints and threats to undermine or leave the bloc. Mercosur however lives on paradoxes. FOCEM is meant to transfer resources from the richer states to the poorer. Its budget is almost entirely supplied by Brazil, the country with the highest GDP. However, GDP per capita in Argentina and Uruguay is higher than in Brazil. In real terms Brazil is transferring resources from its poor to the neighbours' poor who happen to be less poor in comparison. The political viability of this kind of operation in the long-term is dubious and can only be sustained because of the little attention that national electorates and media pay to regional affairs and for the limited amounts involved in absolute terms. Another paradox hampers institutional deepening.

In 2006 a Parliament of Mercosur (Parlasur) was created to address the democratic deficit of the bloc. At present members of the Parlasur are selected among national parliamentarians with 18 representatives per each country with a view to a direct election in 2010 with a number of seats proportional to population. In a region where Brazil has 80% of the population this theoretically laudable initiative may face serious practical problems. A distribution of seats granting Brazil a clear majority would prompt the other members to deny or at least dilute the future competences of Parlasur. A distribution of seats that deprives Brazil of some sort of control over the organ would face Brazilian resistance to attribute any sort of real power to Parlasur. Any agreement will have to show a dose of compromise, political restraint and pragmatism with a view to a larger cause and benefit than the mere national one.

Finally, the disadvantaged position of the smaller members led their governments to adopt a quite assertive position in regional affairs to extract gains from the large

members. Uruguay signed a comprehensive framework agreement with the United States to increase its negotiating power within Mercosur. If such an agreement resulted in a US-Uruguay free trade area, this would invariably undermine the whole Mercosur project. Recent contrasts between Uruguay and Argentina and Brazil and Paraguay have highlighted differences in development strategies, priorities and interests among the Mercosur member countries. If such tensions may not be unusual in other blocs either, the inability to resolve them at the regional level certainly stresses how Mercosur, in spite of traits of regional unity and solidarity still works according to a strict national logic<sup>9</sup>.

Mercosur, largely following the current attitudes of its leading member Brazil, is a quite pragmatic although scarcely dynamic regional project in the Latin American panorama. It does not have anti-US claims or connotation but it was able to stand the giant from the North in its members' interests on the question of the FTAA. In spite of these commercial frictions, relations with the US are overall good, especially thanks to the privileged role Washington has recognised to Brazil. Brazilian economic power within the bloc is undisputable but this has not yet been translated into acceptance of Brazilian leadership and agenda, either regionally or globally. After the fall of neo-liberalism, Mercosur is now in search of a new role and guiding principles, in other words it is going through an 'identity crisis'<sup>10</sup>. The development model follows the pragmatic stance adopted by all its member countries: free market but with attention to social issues and a priority to national interest over imported ideology or foreign

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<sup>9</sup> Clarissa Dri, 2009, "Parliamentary Institutionalization in Mercosur. How rhetorical is it?" paper presented at the VI ECPR General Conference, Potsdam, September 2009.

<sup>10</sup> Andrea Oelsner, "The Institutional Identity of Regional Organizations, or Mercosur's identity crisis", paper presented at the VI ECPR General Conference, Potsdam, September 2009.

pressure. Still, internal differences highlight the tension between unity and diversity within Mercosur.

## ALBA

The 21<sup>st</sup> century has brought with it a substantial degree of novelty in Latin American regionalism. The call into question of neo-liberalism and a new quest for more international autonomy and multi-polarity seem to be the driving forces behind this renovated integration vigour. However, according to strict definitions of regional economic integration<sup>11</sup> neither the Bolivarian Alternative for the Americas nor the South American Union can be defined as proper integration schemes, the former is too loose and unusual while the latter is still at such an infant stage that it is difficult to characterise it. What matters here is that both are responses to changed global circumstances and a renewed attempt by Latin Americans to find their own recipes and solutions to their own problems and position in world affairs. Moreover, ALBA and UNASUR seem to epitomise well the tension between and the mix of ideology and pragmatism that characterises Latin American foreign policies in the present historical phase.

### Origin, evolution and current debate

Alba is first and foremost the result of President Hugo Chavez regional activism and agenda. Before the Chavez era, Venezuela natural basin of interest comprised of

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<sup>11</sup> By strict definition of integration I refer to Philippe Schmitter, 1991, "Change in Regime Type and Progress in International Relations", in Adler, Emanuel, and Beverly Crawford (Eds.), *Progress in Postwar International Relations*, Columbia University Press, New York, pp. 89-127.

neighbouring Colombia, the Caribbean area, the Andean zone and stretched over to the US because of the importance of commercial relations between the two countries. Given the attempt to distance his country from the US and the close alliance existing between Washington and Bogota, Chavez first tried to consolidate its leading role with and spread his political creed to the Caribbean area, follow suit by Andean poor countries in search of redemption. The idea of Alba was first launched at a conference of Caribbean states in 2001. Cuba was the most receptive country to Chavez's appeal. On the Havana side, political affinities as well as the need for new international partners following the disappearance of the Soviet Union and the persistent hostility of the US made Chavez an attractive associate. On the Caracas side, Castroism could give a sort of philosophical support, credibility, and legitimacy to Chavez vociferous anti-US and anti-imperialist rhetoric and plans. Alba is in fact a political rather than a mere economic project, based on shared principles and visions rather than on detailed treaty or diplomatic commitments. The first application of the Alba principles materialised with the Venezuelan-Cuban agreement of 2004 and Bolivia, under the rule of fellow progressive President Evo Morales joined in 2006. At present, Nicaragua, Dominica and Honduras are also full members of ALBA, while Ecuador, under President Correa has an observer status. A strong and confrontational ideological character defines the grouping.

Alba is not a regional integration scheme in the usual meaning of the term. More than anything else Alba is a concept<sup>12</sup>. Its associates are inspired by the Bolivarian ideals of Latin American political unity, solidarity and endogenous development, but these principles remain loosely codified or institutionalised. Alba is first and foremost

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<sup>12</sup> Thomas Fritz, ALBA contra ALCA, Centro de investigacion y documentacion Chile Latinoamérica (FDCL), April, 2007.

guided by the belief of the pre-eminence of the political over the economic<sup>13</sup>. Its key objectives are the fight against poverty and the pursuit of social development. This is translated into a vaguely defined position in favour of human rights, the rights of workers, of women and the protection of the environment. What is more clearly identifiable is what Alba stands against. The grouping was in fact created as a reaction to and a rejection of neoliberal economics and as an alternative, as its own name suggests, to the existing integration schemes based on those theoretical foundations. Alba was not only created in opposition to the US-sponsored Free Trade Area of the Americas (FTAA), but also to those Latin American integration schemes, such as Mercosur and the Andean Community that share the US preference for deregulation, privatisation, and that do not prioritise the fight against poverty and social exclusion. The result is a strongly ideological charge characterising the grouping. On the one hand, only those countries strictly adhering to the Bolivarian creed are welcome to join. On the other, a confrontational stance towards those not sharing these principles is almost inevitable. This means that the grouping is not attractive to a majority of Latin American countries and that it is potentially highly divisive as it exacerbates the dichotomy between believers and non-believers in the project.

#### The rapport with the United States

Alba was deliberately and purposefully conceived as an alternative to the US-sponsored project of a free trade area of the Americas<sup>14</sup>. Its aim is explicitly 'counter-hegemonic' in that it offers a model to counter what is perceived as a US-dominated,

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<sup>13</sup> Nayllivis N. N. Soto, 2004, "Alternativa Bolivariana para las Américas: Una Propuesta histórico-política al ALCA", *Geoenseñanza*, 9:1, pp. 57-73.

<sup>14</sup> Carlos N. Oddone and Leonardo Granato, 2007, "Los nuevos proyectos de integración regional vigentes en América Latina", *OIKOS Revista de economía heterodoxa*, 6:7, pp. 29-50.

if not imposed, scheme of regional integration such as the FTAA<sup>15</sup>. In this effort, Alba proposes itself as anti-imperialist and partly anti-capitalist project. As President Chavez emphatically declared at the 2005 Mar del Plata *Cumbre de las Americas*, the goal of Alba is ‘to bury the FTAA and the imperialist, capitalist economic model’ (NOTE). While this strong posture owes much to President Chavez own rhetoric, it also hides a pragmatic strategy designed to underpin Venezuela’s claims to regional leadership in Latin America and its willingness to enfranchise from the Northern powerful neighbour. The combined objectives of minimising US power in Latin America and debilitating ALCA have at least two dimensions. On the one hand, Alba’s sister organisation Petroamerica is meant to decrease Venezuelan dependence on oil export to the US, which currently accounts for about 60% of Caracas’s oil exports<sup>16</sup>. On the other, Banco del Sur, another initiative parallel to Alba in the banking sector, aims to limit the influence of institutions such as the World Bank and the International Monetary Fund, which – according to a *chavista* view – simply reproduce and perpetuate neoliberal economic models and are in fact an expression of US power.

This master plan was conceived by President Chavez well before the attempted coup of 2002 (for which he blamed Washington) and the resulting clashes in US-Venezuela relations. This seems to confirm that besides rhetoric and ideology, the Chavez government has a clear, although questionable, vision of a new Latin American order. At the VI meeting of the Foreign Ministers of the Amazon Cooperation Treaty, back

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<sup>15</sup> Alberto Montero Soler, 2007, “ALBA: avances y tensiones en el proceso de integracion popular bolivariano, *Revista Agora*, 3:5.

<sup>16</sup> Thomas Fritz, ALBA contra ALCA, centro de investigacion y documentacion Chile Latinoamérica (FDCL), April, 2007.

in 2000, Hugo Chavez expressed his plans in three points<sup>17</sup>. First was the assertion that neo-liberalism was the path to hell. This clearly marks a break between Venezuelan economic policies of the 1990s and the *chavista* administration. It also marks a distance from the US and their neoliberal order. Second was the proposition that Latin American unity is the only hope for survival in a globalised world. This concept is not new and is drawn from the Bolivarian doctrine, so dear to Chavez and his follower. It also hints at the creation of a unitary project that invariably ought to reject neo-liberalism and copes with globalisation on entirely new bases. Third was the prediction, and prescription, that the world in the 21<sup>st</sup> century must be multipolar. This is in itself a challenge to a US-sponsored world or regional order and implies a reconsideration and reconfiguration of the US role in Latin America and beyond.

Chavez's and Alba's opposition to the US is not only a question of rhetoric and populist opportunism. It stems from a negative reading and evaluation of the last twenty years of Latin American development policies. More than anything else the Bolivarian stance is a reaction to the failure of neo-liberalism in Latin America. By natural consequence this very stance is maintained vis-à-vis the main promoter and supposedly beneficiary of the neoliberal order, which has produced a widespread decrease in salaries, a rise of the unemployment, lower standards of labour rights and the boom of the informal sector. Alba and its political and economic recipes are ultimately a reaction and an alternative to the 'two lost decades' in Latin America, the 1980's debt crisis and low growth and the 1990s deregulations and privatisations<sup>18</sup>. According to President Chavez and his inner circle, the negative economic and social

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<sup>17</sup> Ministerio de Relaciones Exteriores de la Republica Bolivariana de Venezuela, 2001, Boletín. Oficina de coordinación de Prensa, Caracas.

<sup>18</sup> Nayllivis N. N. Soto, 2004, "Alternativa Bolivariana para las Américas: Una Propuesta historico politica al ALCA",

results in both decades are imputable to an uncontrolled application of the neoliberal theories. Alba is not only politically opposed to US hegemony in Latin America but also to the spread and application of the economic and social values and recipes that Washington embodies and promotes.

### The role of Brazil

Both Brazil and Venezuela conceive of sub-regional integration (Mercosur and Alba respectively) as a means to project their influence at the Latin American regional level and to implement their vision of Latin American unity under their respective auspices. It is however apparent that these efforts to form a 'global southern coalition' imply competing rather than complementary approaches<sup>19</sup>. Alba is a reflection of the vision underpinning Venezuelan aspirations to continental leadership. Still, there is no official clash with Brazil. This does not mean that there are no tensions either. On the contrary, the two countries seem to have found a compromise on common interests while delaying or marginalising in their agenda possible sources of dispute. Ultimately Chavez is willing to recognise Brazilian power and to accommodate with it as long as he is able to drive or at least influence the regional agenda. The result is a mix of common ventures and unspoken tensions.

President Chavez has sought a rapprochement with Brazil, especially in the period 2002-2006. This was for a number of reasons. The attempted coup convinced Chavez of the necessity to gain the support of the major regional power to consolidate his rule and position in the Latin American concert. Also the two countries shared the vision

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<sup>19</sup> Sean Burgess, 2007, "Building a Southern Coalition: The competing approaches of Brazil's Lula and Venezuela's Chavez", *Third World Quarterly*, 28:7, pp. 1343-1358.

of South America, as opposed to Latin America, as the geo-strategic space where to seek for alliances and cohesiveness to face extra Latin American pressures. The issue of the leadership of this new strategic area remains unresolved, but it never raised explicit conflicts. On a related but different issue, Venezuela lured Brazil with energy cooperation prospects. The creation of Petrosur put together the state oil companies PDVSA of Venezuela, ENARSA of Argentina and PETROBRAS of Brazil, following a scheme that Alba had already experimented with Caribbean and Andean countries. The agreement includes the exploration of new oilfields, the construction of a new refinery in the Brazilian state of Pernambuco and the development of joint research on ethanol and biodiesel. In this respect, the dealings between Caracas and Brasilia are a marriage of convenience. This is likely to survive as long as its underpinning convenience does, and there is no easy prediction on this.

Venezuela also realised that not only Brazil was the main regional power but also that Mercosur was the most successful scheme of economic integration in South America and arguably the one with more negotiating power towards third countries. For these reasons Chavez calculated that it was more convenient to his Bolivarian strategy to drop the membership in the Andean Community and join Mercosur instead. This would secure a place in the club of the 'big guys' in South America and increase chances to drive the South American agenda. On the Brazilian side, Venezuelan request to join Mercosur prompted mixed reactions. On the one hand, it was an opportunity to check Chavez's initiatives and exuberant rhetoric and at the same time to show a willingness to rebalance Brazilian power within Mercosur. On the other however, Brasilia feared that Chavez's excesses and Venezuelan potential political and economic instability could undermine Mercosur. The result to date is that

Venezuela has formally joined Mercosur but ratification is still hold by the Brazilian Senate and by Paraguay, fearful of both Venezuelan potential disruptive impact but most of all of a competitor in the energy sector. Ultimately Brazilian-Venezuelan relations are currently based on the recognition by Caracas of Brazilian regional pre-eminence and on its conviction that an association with Brazil enhances the chances for Bolivarian priorities and issues to find space on the top of the regional agenda.

#### The development model

The Alba project is primarily meant to pursue political integration, with the economic dimension featuring an instrumental role. Consensus among members is to be sought essentially on political direction rather than on economic formulas, the latter following and reflecting the goals set by the former. This is a reassertion of the political over the economic and also an attempt to regain a central role for the state<sup>20</sup>. The latter is an indispensable engine of development, both in terms of planning and implementation. That said, Alba privileges an endogenous model of development where not only ideas and models but also resources are raised and collected locally.

Endogenous development first and foremost means a model based on local needs and conditions and not a general theory applied or adapted to a case study. In this respect, Alba's recipe for development follows a number of principles, rather than precise economic formulations, that take into full account the existing conditions in most Latin American countries. The recognition that Latin America is characterised by very different levels of development led to the adoption of the principle of different

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<sup>20</sup> Nayllivis N. N. Soto, 2004, "Alternativa Bolivariana para las Américas: Una Propuesta historico politica al ALCA".

treatment for different member states. This principle was initially rejected by Mercosur which has only recently started to reconsider the issue. This special treatment takes the shape of different - and not reciprocal – commitments and of special clauses in the cooperation agreements. The contributions of Venezuela and Cuba to Alba are tailored to the possibilities of the two countries, with Venezuela pooling technology and energy resources and Cuba providing health and education assistance. In the case of Bolivia, its accession to Alba did not entail a reduction of tariff barriers. Another clause provides for other members to buy Bolivian produce whose export markets have been disappearing as an effect of the FTA concluded by the US with other Latin American countries, such was the case of soya.

Alba also prioritises a number of sectors deemed essential for development. Agriculture, the main means of subsistence in many countries still today, is granted a central position. Social development is also top of the agenda. Alba replicates in member countries the Venezuelan model of the *misiones*, state-sponsored social projects ran and equipped by regionally pooled resources targeting specific areas with serious health, education or sanitation deficiencies. The results have been quite successful according to independent observers<sup>21</sup>. Energy is also a key sector for development. Once again, opposition to the US-launched initiative of a Hemispheric Energy Initiative (HEI) has prompted a reaction that materialised in the creation of a number of alliances and agreements between state oil companies of the countries involved. Such are the cases of PetroAndina, PetroCarribe and Petrosur. This consideration leads to a major tenet of the Alba development model: the role of the

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<sup>21</sup> BBC Mundo 2008.

state as a central force as opposed to markets, investors and reliance on privatisation and deregulation.

Finally the Alba development model rejects not only the US approach to integration as embodied in the FTAA but discards all those models such as the EU, Mercosur and the Andean community that directly or indirectly accept a neoliberal matrix. After all, Chavez contends, also the EU is based on the economic principles of neo-liberalism and therefore the EU as such and the approach to cooperation it may offer are not a viable model for Latin American countries and are not compatible with the Bolivarian values and principles. Also those Latin American integration schemes that negotiate a free trade area with the European Union are accomplices with the neoliberal model and are therefore to be left aside. Major theoretical and practical problems arise when one considers that Venezuela itself is seeking membership of Mercosur and Bolivia is a founding member of the Andean Community. This takes us the next issue, the several internal contradictions that characterise Alba and potentially undermine its present and future.

#### Contradictions from within

The first problem that Alba has to face is its compatibility with other integration schemes of which its own members are members in turn. This is true for Nicaragua, where progressive President Daniel Ortega happily ratified the FTA between his country and the US in spite of joining Alba and enjoying favours from Venezuela. This is true for Venezuela itself with its desire to access Mercosur and for Bolivia and its membership of the Andean Community. Perhaps more significantly this is true for

prospective new associates, and this is the more subtle but equally flashy case of Ecuador. Progressive President Correa denounced the FTA agreement between his country and the US but was very careful not to jeopardise another crucial deal with the US, the Andean Trade Promotion and Drug Eradication Act (ATPDEA), which gives Ecuador vital preferential access to the US market<sup>22</sup>. Even more revealing is that all South American countries have subscribed to the Brazil-inspired South American Union, which does not reject either capitalism or good relations with the US and other powers. This set of cases teaches a number of lessons. First there is a gap between the Bolivarian discourse and political practice. Second, prospects for Alba enlargement are quite poor, especially if it requires exclusion of other agreements. Third, the consistency and coherence of the whole Alba project is doubtful.

Internal contradictions hide also in the apparently most secure corners of the Alba project, such as cooperation in the energy sector. Venezuela and Bolivia are members of PetroAndina and PetroAmerica, Chavez-promoted energy initiatives modelled on the matrix of Alba. This certainly conveys a sense of unity, and indeed the Bolivia state-owned oil company YPF and the Venezuelan PDVSA cooperate and plan the launch of joint fuel stations. However, one of the key projects of the PetroAmerica venture is the construction of a pipeline (*gasoducto del sur*) to transport gas from Venezuela to Argentina and Brazil. If this were to happen Bolivia would remain excluded from the big business<sup>23</sup>. Not only this, Venezuela would indeed become the main competitor of Bolivia on the Brazilian and Argentine gas market. Arguably unsolvable tensions exist between the interests of Alba's member countries, and one may wonder how this will be dealt with by governments with less ideological affinity.

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<sup>22</sup> Gian Luca Gardini, 2009, *L'America Latina nel XXI Secolo*, Carocci Roma.

<sup>23</sup> For a more detailed discussion of the Bolivian case within the Bolivarian energy plan see Thomas Fritz, 2007, *ALBA contra ALCA*.

The very principles of Alba seem to fall short of actual application in political practice. In spite of opposing the exploitation of Latin American fossil resources, Alba survives precisely because of the financial bonanza of Venezuelan oil revenues. Also, one of the few areas where there is continental consensus is energy cooperation but this would occur on a strict division of labour, with Venezuela and the Andean countries extracting and exporting resources and the countries in the Southern Cone consuming them<sup>24</sup>. Additionally, projects such as the *gosoducto del sur* would have such a huge environmental impact that one may wonder how Chavez and his followers will justify all their rhetoric about the preservation of the Latin American environment and ecosystem. And finally, all the Alba projects, in spite of their inclusionary aim, are adopted and implemented with a scarce, if at all, public debate and with the exclusion of the social movements so highly praised in the Bolivarian discourse.

The existing contradictions within Alba are those that most likely will undermine the whole project. Alba is highly dependent on Venezuela and particularly on its generosity in sponsoring all sorts of regional enterprises. Oil prices are subject to significant shifts and scholars already wonder for how long Venezuela will be able to sustain the Bolivarian **effort**<sup>25</sup>. Given the highly ideological nature of the Alba project and its low propensity to accommodation, it tends to be divisive rather than inclusive. This undermines Venezuelan claims to regional leadership and makes prospects for enlargement meagre. A regional scheme that does not have aggregation appeal is

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<sup>24</sup> Maite J. Iturre, 2009, The energy sector within Latin American regional integration processes: weaknesses and perspectives of developed initiatives, paper presented at the VI ECPR General Conference, Potsdam, September 2009.

<sup>25</sup> Safe-Democracy article fall 2008.

bound to failure. Finally, the highly 'personalistic' character of the Bolivarian project raises concern over the fate of Alba after Chavez.

Alba is a very dynamic, innovative and vociferous integration scheme. However, it rests on a number of limitations and contradictions. It had adopted a strong anti-imperialist and anti-neoliberal stance that, mixed with Venezuelan domestic politics, resulted in a position of confrontation and antagonism with the US. While this position is strong in the discourse, it admits significant exceptions in practice but this contradiction cannot remain unaddressed for long. By the same token, Venezuela and Brazil do not have official clashes but their divergent and competing visions of regional integration and leadership will have to be resolved sooner or later. The development model proposed by Alba rejects neoliberal economics and focuses on social issues and endogenous sustainability. Again, there seem to be a gap between discourse and actual practice. Most of all internal contradictions make the grouping unpalatable to potential followers and raise questions among members on the convenience of membership.

## Conclusion

Latin American regionalism in the 21<sup>st</sup> century, as demonstrated by the comparative analysis of Mercosur and Alba, is a varied and heterogeneous universe. It reflects more a reality of division and fragmentation than the aspiration to regional unity and solidarity. There is no consensus either between or within Mercosur and Alba on the key themes of Latin American regionalism such as the posture towards the US, the role of Brazil and the development model to adopt. Internal contradictions, structural

asymmetries, divergence of national interests and most of all a huge gap between discourse and practice raise the question to what extent Latin American regionalism today is reality and to what extent it is utopia. Latin America has traditionally adopted a very loose definition of regional integration and has used this expression to indicate any cooperation effort in the region. To a close analysis, hardly any regional bloc existing in South America would qualify as regional integration. In addition most of what exists on paper is not translated into reality. Mercosur, supposedly a common market is hardly a customs union and is closer to an incomplete free trade area. Internationalisation of norms within Mercosur remains around 50%. If cooperation is certainly a well-established feature of Latin American international relations, the same cannot be said for regional integration, be political or economic.