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States of Sovereignty and Regional Integration in the Andes.

by

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The trajectory of trade negotiations between the European Union and the Comunidad Andina de Naciones can be seen as an expression of the contemporary character of dependency between the two regions and of the conflict between competing strategies of integration within the Andean region itself. The first strategy reinforces current patterns of accumulation in the area of three "strategic openings" (primary and raw materials, services, and the state), the expansion of rights for Northern investors, and the state violence that has accompanied the internationalization of Colombian and Peruvian capital over the past few years. The second strategy, while mired in the class-based constraints that accompanied earlier experiments with "inward-looking development," positions regional integration as an alternative to neoliberalism and integration with Northern blocs dominated by imperialist interests.

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In the midst of negotiations toward a free trade agreement between the European Union (EU) and the Comunidad Andina de Naciones (Andean Community of Nations—CAN) in 2007, the Bolivian and Ecuadorian delegations proposed an alternative framework that would move the basis of negotiations beyond the aggressive agenda for trade and investment liberalization promoted by the EU. [1] Months later, at a summit of heads of state from Europe, Latin America, and the Caribbean, an exchange came to light that was quickly denounced by the social movements, nongovernmental organizations (NGOs), and other social entities gathered in Lima to protest the negotiations, in which EU Trade Commissioner Peter Mandelson not only refused to consider the proposal but, according to a Bolivian delegate, threatened to eject both countries from the negotiations if it was not withdrawn. Pablo Solón, the delegate in question, responded, "We have always said that we will never sign a [free trade agreement]. All we have done is to propose a model for linking tariff reductions [to measures] that will ensure that the agreement benefits our country" (Enlazando Alternativas, 2008). And, in fact, participants in the alternative "People's Summit" pointed to the hypocrisy of the commissioner's outburst when the proposal was only an attempt to give concrete shape to principles laid out in the "global agreement" signed by all parties four years earlier—principles that committed participants to creating a biregional partnership "beyond trade" that embraced equitable and sustainable development, environmental conservation, support for democratic institutions, and respect for human rights (Enlazando Alternativas, 2008; EU-Andean Association Agreement, 2003: 5).

Two months later, Bolivia formally withdrew from negotiations with the EU; Colombia and Peru, however, declared themselves eager to continue negotiations on a bilateral basis. With the unity and hence the viability of CAN as an economic bloc irrevocably damaged, the fourth round of negotiations toward an agreement between the EU and CAN was canceled.

But was Mandelson's threat an example of hypocrisy, or was it, as members of the Enlazando Alternativas network contend, a rare moment when the attitude and the agenda of the EU in relation to the global South was made clear? And why was it so easy for the bloc to be split apart over the negotiation of a trade agreement?

A useful place to start is to put the trade commissioner's reaction in the context not of the supposedly humanitarian discourse guiding negotiations but of an agenda he himself had introduced with the publication of the EU's general strategy for foreign trade, "Global Europe: Competing in the World" (European Commission, 2006a). Although by no means a new agenda, the document clearly articulated the link between completing the neoliberal flattening of the social model within the EU to an aggressive effort to secure unhindered investment and trade abroad. It also identified the preferred role of the global South in current strategies of accumulation: as a continuing source of primary and raw materials, cheap labor, and land, and of new market opportunities in the service sectors in which Europe enjoys broad comparative advantage. These new (or newly prioritized) fields of capitalist accumulation, or "strategic openings," lie at the heart of the EU's strategy. Moreover, they reflect the dominant position of European direct investment in the Andean region over the past decade and the net outflow of surplus value (see Higginbottom, n.d.). In fact, the strategy finds concrete expression in the association agreements currently being pursued by the EU in Latin America, which seek to bolster the extractive regime of accumulation between the two regions in each of these fields.

However, the EU is also attempting to secure an extensive array of rights for private investors that, while demanding an end to state actions that discriminate in favor of local capital, have the effect of reversing such discrimination in favor of already powerful foreign interests. The association agreements aim to position the private rights of corporations against what was once called the "right of the state" to function as an instrument of “autonomous” national development. The agreement with Colombia and Peru seeks to further the commodification and privatization of things that are being demanded as “rights” by rural and urban workers and popular movements: access to land and security in the ability to produce, access to jobs with dignity and security in workers’ and trade union rights, the right to have basic needs met through public and/or affordable services, and the right to clean water and environmental integrity. In public debates over the negotiations, the social movements have alerted us to the degree to which what were formerly conceived of as social rights are now being negotiated as tradable commodities by states and corporate lobbyists in what is, to all appearances, a vicious zero-sum game. In instances in which such rights cannot be dismantled, they are often recast as “nontariff barriers to trade.” Thus the association agreements constitute another component of a growing international trade and investment regime that has been critiqued by legal scholars and movements alike as constituting a new “charter of rights” for multinational corporations; the character of which has been exposed in disputes between Northern corporations and investors and regional governments in venues such as the World Bank’s International Center for the Settlement of Investment Disputes (ICSID) (e.g., Van Harten, 2005; Aliança Social Continental et al., 2006: 32).

In this context, the altercation exposed in Lima is significant for providing a window onto two competing models of regional integration and development currently in play (or, perhaps more accurate, at war) within the Andean region (Buxton, 2007). The open-regionalism paradigm, championed by the right-wing governments of Colombia and Peru defines “development” and integration in terms of free-market principles and implies that integration between neighboring countries in the South should not impede the headlong pursuit of “interdependence” between Southern economies and circuits created by powerful Northern finance capital, global production chains, and markets. The second paradigm is unfolding against the neoliberal grain in the context of experiments in alternative regional integration pursued by the governments in Bolivia, Venezuela, and Ecuador, with contributions and pressure from popular and workers' movements, communities in struggle, and NGOs. These efforts to recover a "sovereign" mode of national development explicitly en route to socialism have faced challenges from Northern capital, its allies in the executive branches of the United States, Canada and the EU, and among the right-wing oligarchies of the region itself.

This essay lays out three arguments. First, using the example of the EU agreement signed in May 2010 with Colombia and Peru, I suggest that the EU association agreements are designed to constitute the newest mechanism for maintaining the net flow of value from the Andean region to Global Europe. Particularly as it attempts to find an exit from the current financial crisis, the doublespeak of Global Europe is best considered a cynical response to the perennial contradiction faced by capital, captured so well in a phrase from Arundhati Roy (2010), "How do you clear the land for corporates in a democracy?" In their extensive critique of these agreements, Andean and European social movements have exposed Global Europe's solution: despite the liberal discourse of democracy, human rights, and sustainable development, a model of integration intended to concretize a new phase of dependency to the benefit of Northern capital and its local allies which will make the attainment of these goals nearly impossible for Latin American societies. Secondly, I suggest (as many others have) that experiments in alternative integration within the nations of the Alternativa Bolivariana par las Américas (Bolivarian Alternative for the Americas—ALBA) pose a direct threat to this agenda by revisiting regional integration as an alternative to dependency. These efforts force us to revisit the question raised by the Marxist strand of dependency theory during the last historical moment when Latin America attempted to "break away": What mode of capitalist development is possible among nations in the South in a moment structured to the interests of (but not determined by) Northern capital (see Marini, 1992; 2005)?

THE "EUROPEAN DIFFERENCE" OR OLD PIRATES IN NEW SHIPS?

Whereas contemporary U.S. agreements are often viewed as simple commercial agreements, according to the EU its own trade and investment regime is embedded in broader efforts to bring about sustainable development, strong democratic institutions, and respect for human rights among its partners in the South. Negotiations typically begin with an association agreement that lays out a series of such principles as a framework for negotiations (Maes, 2007; see, e.g., EU-Andean Association Agreement, 2003: 6–7). Thus the supposed "European difference" is that any trade and investment rights accorded will be subject to the fulfillment of these principles (European Commission, 2008a: 22).

The reality is somewhat different. The fourth generation of association agreements emerged in lockstep with U.S. trade and investment arrangements with Latin America. The race began with an association agreement between the EU and Mexico in 1999, mounted in response to the loss of market space by European corporations in Mexico with the passage of the North American Free Trade Agreement five years earlier (Fritz, 2005: 14; Aguirre and Pérez, 2007). In the new century the EU trade agenda has played out against the perceived decline of U.S. influence in the region with the failure of grand schemes like the Plan Pueblo-Panama and the Free Trade Area of the Americas (FTAA), the failure to achieve a multilateral set of investment rules at the Organization for Economic Cooperation and Development, the stagnation of the Doha Round of negotiations in the World Trade Organization (WTO), and, crucially, the failure to contain the rise of alternative regional blocs in Latin America.

In the context of biregional negotiations in Latin America, the image of Europe as a more magnanimous partner than the U.S. has also been expressed in the EU's interest in fostering the internal integration of the blocs with which it negotiates (see European Commission, 2007: 25–26). Until 2005 the EU insisted that it would proceed in trade negotiations with CAN only when certain benchmarks of integration, among them the adoption of a common external tariff and harmonized customs procedures, were reached (Joint Committee EU-CAN, 2005: 2). In practice, however, negotiations with the EU have taken a similar toll on Andean unity as those with the United States, often playing into rifts within the Andean Community. In the context of EU trade negotiations worldwide, this case is hardly an exception (RECALCA, 2007: 7, 37–38; Arroyo, Rodríguez, and Castañeda, 2009: 16–19; Marini, 1992: 120).

GLOBAL EUROPE IN THE ANDES: THREE STRATEGIC OPENINGS

One of the main rationales for signing such agreements is that they constitute crucial instruments in the race for access to foreign markets and direct investment (see Colombia, 2010: 3). In fact, European capital already enjoys a strong presence in CAN. The EU is the region's second-largest trading partner (after the United States) and principal source of foreign direct investment, the bulk of it in financial services, mining, oil extraction, and manufacturing (European Commission, 2007; see Higginbottom, n.d.). Therefore, while it is interested in guaranteeing market access to new areas of investment, the work meant to be accomplished through this agreement is to secure the rights of European investors relative to the state, as well as to national capital, workers, and communities. In this section I consider these rights in terms of a series of strategic openings targeted by the EU for liberalization, particularly in the context of negotiations toward a free trade agreement with Colombia and Peru (hereafter, the agreement). In the section that follows, I position these new areas of accumulation in the context of a model of integration premised on a particular scheme of class alliances among political elites, national capital, and European-based multinationals.

First, the agreement aims to secure broad access to the region's raw materials and natural and energy resources through trade facilitation measures, an aggressive commitment to eliminate nontariff barriers to trade, to liberalize "environmental goods and services," and a sprawling definition of intellectual property rights (Maes, 2008: 1). It also commits the parties to granting European companies "reciprocal and gradual market access on the basis of the principles of non-discriminatory and national treatment," opening the way for the privatization of public works and infrastructure linked to resource extraction (European Commission, 2006a: 18). What is immediately striking is that it threatens to reproduce the historical role played by Latin America at certain periods of the industrial development of the North, in which capitalist development in the region was subordinated to the needs of Northern markets for increasing amounts of cheap foodstuffs and primary and raw materials. National economies in the region were constituted not as the basis of national development per se but in response to the international division of labor (Marini, 1992:115; 2005: 142–144). This relationship was and remains locked in by the need to bolster foreign reserves to meet international payment obligations against the volatile terms of trade that these commodities draw on international markets (RECALCA, 2007: 6). However, this particular opening also reflects, on the one hand, current Northern concerns about energy security, access to key industrial inputs in the face of increasing competition and high commodity prices, and the search for nontraditional energy sources; and on the other, the fallout of efforts by Venezuela, Bolivia, and Ecuador to regain control over their natural resources. The agreement reflects Global Europe's determination to limit the developmental options of its Southern partners to an export-oriented extractive model in which the environmental and social costs of these activities are externalized by Northern capital (Trade Agreement, 2010:

Articles 270–274). In this context, the desire of people to produce rather than depending on international markets for food and energy security is simply ignored.

This opening also reflects the particularity of dependent class relations (i.e., between foreign investors and sections of "local" capitalist classes) in the Andes in the current conjuncture. Deepening the 30-year-long internationalization of Colombian capital, it signals the renunciation of industrial sectors that greatly benefited from CAN's coordinated industrial program (in which Colombia enjoyed a surplus in the trade of value-added products),[2] as well as certain agricultural sectors and services, in favor of providing primary materials (and the low-cost labor required to produce them) to Northern markets (RECALCA, 2007: 3, 20, 35; Higginbottom, 2005: 122). As national capital moves to play investor rather than owner in global production chains (Andy Higginbottom, personal communication, August 4, 2010), this aspect of the agreement also reflects the decision by the Colombian state to choose which sectors will be allowed to die out when faced with powerful (and, in the case of agriculture, highly subsidized and protected) Northern competition, regardless of the costs to local ways of life, costs of living, and jobs.

A second strategic opening is related to the trade in services. Even though the EU is already the largest foreign investor in services in the region (RECALCA, 2008: 2), the bloc has adopted an aggressive approach to this theme that implicitly draws in two additional themes rejected by developing countries at the WTO (investments and government procurement). At issue are the opening of markets to investments by foreign providers (notably financial services and telecommunications), the extension of preestablishment rights (i.e., changing the rules of entry to allow foreign multinationals and investors to invest in domestic markets in the first place) and a national standard of treatment to European investors, and nondiscriminatory access to state contracts. As with the push for raw and strategic resources, these demands have been accompanied by considerable lobbying by large service providers in the EU, reflecting the fact that it has enjoyed a comparative advantage in international services markets since its own deindustrialization in the 1970s and 1980s (European Services Forum, 2010). And, in fact, the liberalization of trade and investment in services and procurement markets "at all levels of public authorities and public entities in the water, energy and transport sector as well as information and communication networks" has been characterized as a way for Andean countries to "diversify" their economies (EU-Andean Association Agreement, 2003: 22; European Commission, 2006a: 18). Taking the experience of Mexico and Chile as a measure of what to expect, however, this provision will facilitate the further concentration of market control by European corporations in public and financial services, massive profits and commissions for corporations, increased costs and poorer service for users, and less credit available for productive activities (RECALCA, 2008: 3; Aguirre and Pérez, 2007: 12–19).

Finally, the third strategic opening demanded by the EU is set to occur within the space of the state itself. The EU association agreements are intended to "seed the ground" in which European corporations operate in Southern economies by limiting the capacity of the state to regulate their activities or curb their profits while making the state itself a new site of accumulation. Similar to the structural adjustment programs and loan conditionality packages of the 1980s and 1990s, the agreement carries this conditioning into the space of the state itself by removing its capacity (and, some might argue, its mandate) to engage in economic steering.

In this context, what is not included in the agreement is just as significant as what is. While the agreement extends rights and protection to investors with activities in the South, it prohibits host governments from imposing performance requirements that would allow investments to be deployed in a socially useful manner (e.g., provisions regarding the inclusion of local content, service providers, or labor or requiring joint ventures with national capital) (see Alianza Social Continental, 2005: 22–24, 80–85). It also attempts to recast relationships between the state and citizens (as expressed, for example, in the public provision of water and sanitation services) as commodities. In instances in which such a relationship cannot be commodified (e.g., the Bolivian government's refusal to negotiate the liberalization of water) because of its protection by policy or regulation, the policy in question may be designated a nontariff barrier to trade and targeted through bilateral negotiations and dispute mechanisms under Global Europe's Market Access program. In other words, with no public debate or space for public participation in negotiations, the agreement positions the right of European corporations to invest in the public sphere over and against citizens' rights to a viable public sphere. Further, it institutionalizes a new relationship of accountability not between the state and the people but between the host state and foreign capital, requiring the former to consult the latter before adopting any legislation or procedure related to custom duties, fees, and charges (Trade Agreement, 2010: 48). [3]

One of the clearest illustrations of the impact of this model can be found in the current spate of arbitration claims brought against Latin American countries under the rubric of investment protection provisions in trade agreements and bilateral investment treaties.[4] At the end of 2009 Latin American countries were named as defendants in 65 percent of all such claims (UNCTAD, 2010: 13–14). Furthermore, while the sheer amount demanded in each claim is cause for concern, the pattern of claims against countries in Latin America clearly points to the role of investor-state disputes in maintaining the same areas of accumulation outlined earlier in the European association agreements (Romig, 2007); for example, with 61 percent of claims relating to mining, oil, and gas investments (see Anderson, Pérez, and Dreyfus, 2010).

REGIONAL SURRENDER OR SOVEREIGNTY?

An analysis of foreign direct investment and profit flows between Latin America and the EU and the United States by Higginbottom (n.d.) shows an absolute loss of surplus value (in the form of repatriated profits and wages) from the region to the North that, in 2008, amounted to US$106 billion, or 4 percent of the continent's aggregate gross domestic product (GDP). Higginbottom argues that this flies in the face of the tendency of orthodox economists to define incoming foreign direct investment as a solution to the development challenge, as much as it points to the necessity to return to questions raised by Marxists theorists of the dependency school.

Between 1997 and 2008 EU-derived flows and its overall investment position in Latin America far outstripped those of the United States, and while the aggregate income from U.S. investments remained higher over this term, in 2005 income from EU investments began to take the lead. However, the author's overview tells an additional story: despite the continuing dependency on foreign direct investment, financial flows, and markets, creating a trade and investment regime to secure these flows of value has not been straightforward because of a divide between the models of development, and therefore the models of integration (i.e., the basis of economic alliances between the state, national and foreign capital), pursued by the governments involved. It is this divide (between the deepening, entreguista ("surrendering") mode of integration with Northern economies pursued by the governing elites of Colombia and Peru, and the regional integration proposed as an alternative by Venezuela, Bolivia and Ecuador) that underpinned the crisis of CAN following trade negotiations with the United States and the EU. The two strategies are reflected not only in each country's position in negotiations with the EU but also in changes in the domestic fields in which foreign firms and investors operate, which, in turn, have entailed changes in the lives of workers, communities, and environments. These strategies and their implications for "internal" class relations should be read as different responses to the particularity of capitalist development in dependent conditions (see Marini, 2005).

Colombia and Peru have long championed the strategy of open regionalism promoted by the Economic Commission for Latin America and the Caribbean, which guided the flexibilization of community norms and the diversification of trade and investment in CAN beginning in the late 1980s (Gudynas, 2005; Arroyo, Rodríguez, and Castañeda, 2009: 15; RECALCA, 2008: 3–4). Responding to the movement toward regionalism, the strategy assumed that all national economies were in the process of massive deregulation aimed at better integrating their productive structures, savings, and internal markets into the global economy and that this "'natural', non-discriminatory attitude" toward other countries would be enhanced by preferential trade agreements (ECLAC, 1994: 8). Here regional integration with neighboring countries was deemed constructive only to the extent that it provided a platform from which countries could insert themselves into the global economy. In the context of the free trade debate, this bloodless, apolitical view of the global economy takes at face value the ostensible goals of neoliberal trade and investment agreements: to increase trade and investment flows by removing all barriers to trade and to commit states to maintaining a "stable, predictable and coherent economic environment" for trade, capital flows, and the investment-related activities of multinationals (ECLAC, 1994: 12; see also Colombia, 2010: 3, 12).

In the Colombia of the neoconservative Uribe regime, this environment was created by means of shifts in the regulatory landscape and the conditioning of class relations, by use of an elaborate state machinery of repression and terror to the benefit of the propertied classes and their foreign allies (see Higginbottom, 2005). The discourse of the Uribe regime and its international allies focused on providing a secure environment for foreign capital in a conflict situation (see Murphy, 2005). Beginning in 2000 with a decree that deregulated flows of investments, profit remittances, and currency exchange and provided guarantees of national treatment, the regime went to great lengths to facilitate foreign investment with the extension of a flexible exchange regime to investors in the mining and oil sector (Escuela Nacional Sindical, 2009: 4); the active pursuit of double taxation, investment, and trade agreements; the introduction of a new corporate form (the "simplified share company") to facilitate the establishment of new firms whether the initial investment is foreign or national in origin; and the promotion of agreements that provide investors with guarantees of "stability" in regulatory areas of particular concern (Del Pilar, 2009; Wills, 2009; Rodriguez, 2009). Over the course of the decade, foreign investment flows increased 164 percent, reaching approximately 1.5 percent of GDP in 2009 (Fedesarrolloin, quoted in Escuela Nacional Sindical, 2009: 4).

However, it was the destruction of the labor movement, the institutionalization of precarious labor, and the driving down of labor's already low cost that were crucial to the regime's success in securing investment. The real minimum wage in 2007 sat at US$108.64, well below the average for Latin America. In the same year, the regime extended the working day from 10 to 16 hours and introduced two "flexibilized" contracts that were increasingly used to dismantle (or "modernize") collective workers' rights. The so-called *contratos sindicales* (union contracts) have allowed firms to replace unionized workers with subcontracted labor, and *pactos colectivos* (collective pacts) mimic collective bargaining but allow the employer to control the content of the final agreement (Escuela Nacional Sindical, 2009: 9). Labor reform has been complemented by systematic antiunion violence framed by a culture of impunity. In 2009 alone, more than 707 human rights violations occurred against unionized workers, and between 2002 and 2009 the rate of unionization fell by 14 percent (Escuela Nacional Sindical, 2009). [5]

In fact, the real story behind the trade and investment opening of the past decade has been the structural impact of investment on the Colombian labor market: with the relative advantages offered to investors in the mining and oil sectors, financial services, and special exportation economic zones (which enjoy exemptions on taxes and the 50% contribution to social security funds, and a cover against losses of 10% on initial investments), little new investment has been made in sectors that generate jobs (i.e., manufacturing) (Escuela Nacional Sindical, 2009: 4). As a consequence, despite dramatic profits and economic growth, unemployment has remained officially around 12 percent, with rates among women and young people much higher, while indices of poverty and destitution have increased and the informal sector expanded greatly.

In the context of reforms intended to deepen the extractive model, the most naked battles over the state's preferred model of development have been those over land. Ibáñez and Moya (2009: 649) estimate that 4.5 million people (10 percent of the population) have been displaced in the state's dirty war, a policy of mass dispossession using paramilitary and military units to clear vast regions for extractive activities and cash crops. A recent commission on the impact of forced displacement estimates that 94 percent of the country's landowners own a mere 18.7 percent of the land (with an average of less than 50 hectares) while 1.4 percent own 65.4 percent of the land, with average holdings in excess of 200 hectares (Comisión de Seguimiento, 2009: 41). Such clearances often precede exploration by major mining and oil interests or are intended to create a cordon sanitaire around their infrastructure (Higginbottom, 2005: 122). For example, at a session of the Permanent People's Tribunal on European transnationals held in Madrid in May 2010, peasant farmers and community advocates of two municipalities in Casanare denounced the cutthroat manner in which the British oil giant BP had managed land acquisitions and labor since arriving in the region and the "complicit neglect" of Colombian regulatory bodies. According to testimony, BP pressured and coerced smallholders for more than a decade to sell their land at prices arbitrarily set by the company and its subsidiaries, sidestepping consultation with the communities and local institutions so as to undercut the value of the land, thus exacerbating inequalities between landholders. All of this had occurred while local paramilitary units used more direct means to force the same families to abandon their land: since BP's arrival in Casanare in 1999 there had been 2,653 forced disappearances and 9,000 assassinations (People's Permanent Tribunal, 2010a).

At the same time, arguing that any land use not associated with major farming, mining, and oil activity was "unproductive," the Uribe regime launched an offensive to undermine the already tenuous juridical standing of collective and communal indigenous and Afro-Colombian land titles and the security of tenure of small-scale peasants. In 2009 the regime started to search for legal instruments to eliminate current limitations placed on foreign landholdings in the interest of "spurring the development and modernization of the rural sector" (Domínguez, 2009). Similarly, it committed itself to auctioning off 51.8 million hectares in new concessions to multinationals for oil, mining, and hydroelectric projects before leaving office in August 2010. [6] Both the Colombian and the Peruvian government have worked to vilify workers and communities who attempt to protect their right to produce locally and access local resources, who oppose privatization schemes that cut off access to public services and, most recently, who oppose the free trade agreements with the United States, Canada, and the EU, as being "against national development," members of the Fuerzas Armadas Revolucionárias de Colombia, or, in the words of President García, extremist "dogs in the manger" (see García, 2008; Morin, 2008). However, the offensive has moved well beyond public slurs. As with organized labor, the criminalization of organized communities and social movements has become a key feature of the Colombian and Peruvian security regimes, alternately funded and ignored by the United States in the name of hemispheric security and the war on drugs.

The most salient point for our purposes here, however, is the degree to which attacks on the civilian population mirror the interests of local and foreign investors. For example, several small-scale miners in both Colombia and Peru who had been actively resisting displacement in favor of large mining interests were attacked and murdered by state police and military forces within days of each other in April 2010 (Nomadesc/Redher Colombia, 2010; TeleSur, 2010). This generalized stream of human rights violations, state terror, and repression is arguably a crucial aspect of Colombia's efforts to create a stable, safe, and, in fact, inviting environment for foreign investors (Higginbottom, 2005; Morin, 2008). And it's working. A 2009 report issued by the World Bank ranked Colombia as by far the best place in Latin America to do business, and in terms of investor protection its rank rose from twenty-fifth in 2008 to fifth (World Bank and International Financial Corporation, 2009: 2, 28–31).

In a sense, this is a natural outcome of a strategy that, while viewing the multinational corporation as a political actor of equal standing with the state in the international sphere, completely elides the significance of workers and citizens as actors in the same regard (Gudynas, 2005: 2). And this is where the second position on regional integration comes in. The debate around alternative integration in the Andean region (and throughout Latin America) was made possible by a series of breaks and victories in the post–cold-war conjuncture that oscillated between the sphere of the state and that of social movements (see Aliança Social Continental et al., 2006: 7). In the latter sphere, the theme came into focus during the transnational campaign against the FTAA, as people mobilizing against the agreement turned toward alternatives to neoliberalism in a series of national population consultations, debates, and extensive popular education (e.g., Alianza Social Continental, 2005). As the threat of the FTAA project itself passed in 2003, the debate over what people did not want for their communities and nations turned to what they *did* want to see on the national agenda (Aliança Social Continental, 2006: 31, 33).

With the coming to power and convergence of progressive governments in the same moment, some of these proposals have been put on state agendas under the auspices of a new regional correlation of forces. The new regionalism agenda has been moved forward with a (limited) degree of dialogue and participation between the governments and these same social actors (Aliança Social Continental et al., 2006: 31–32). In some cases, members of particularly dynamic social and workers' movements have been incorporated into the ruling parties or coalitions in question, blurring and often complicating the lines between state (or party) and movement—a complication acutely felt when projects for radical transformation at the regional and, more so, the national level have erupted into open class conflict. Many popular movements have denounced the neoliberal character of existing integration processes (including CAN itself and the infrastructure and energy project of the Union of South American Nations) that, they argue, have been constructed around purely commercial principles with no eye to the interests of other social sectors (Aliança Social Continental et al., 2006: 29, 33). Nonetheless, the new conjuncture has taken the idealism and sense of urgency in the popular debate to new levels. While many on both ends of the political spectrum criticize the lack of programmatic clarity of these experiments and their bankrolling with Venezuelan oil revenue, the broad (popular and state) revisiting of integration as the basis for a counterhegemonic project makes the moment interesting, particularly after a generation of hegemonic neoliberalism.

The People's Trade Agreement proposed by the Morales government in 2006, for example, approaches integration from a broad set of principles that acknowledges the historical particularities of each partner rather than in terms of orthodox economic principles (Bolivia, 2006: 2, 4), as well as recognition of asymmetries within the region and the relative capacities and strengths of each partner. Building on the Cuban Revolution's expansive definition of international solidarity, trade may occur in traditional sources of comparative advantage (oil and mineral reserves, technical capacity around oil refining and infrastructure development) or in terms of broader strengths (medical services and training, technical knowledge around food security, social programs, media training, education). The agreement also proposes a model in which people and nature and not just states and corporations are protagonists of development, in which corporations are partners, not bosses, and in which states have the right and capacity to regulate investments and steer them toward socially useful goals (Bolivia, 2006: 3). To this end, the agreement signed by the original three members of ALBA in April 2006 commits states to promoting the development of social and economic entities typically doomed to extinction under full market competition with the trade promotion of commodities produced by peasant and cooperative organizations (Aliança Social Continental et al., 2006: 25).

Here the ALBA governments are attempting to revive the venerable (but, to date, ill-fated) ideal of *regional* integration as an instrument for the recovery of *national* sovereignty, the national project, and the state as an engine of development (Mello, quoted in Aliança Social Continental et al., 2006: 8; Marini, 1992: 144). These processes thus support and reflect domestic changes within the countries of the bloc. In stark contrast to Colombia's subordination of regulatory and juridical frameworks to the export-driven model, Venezuela, Bolivia, and Ecuador (to varying degrees) have embarked on missions to subject trade and investment policies to new national constitutions predicated on reversing and filling the strategic vacuum left by neoliberalism (e.g., Bolivia, 2006). The constitutions have paved the way for regaining state control over strategic natural resources and, in that context, complex and often ambiguous negotiations with foreign capital over their exploration, extraction, and marketing. As they renegotiate the terms of state contracts to this end, the progressive governments have faced several extremely punitive claims brought by investors at the ICSID, which, in 2007, prompted them to withdraw as a bloc (but again, to varying degrees) from the

ICSID Convention. Similarly, in February 2009 the Bolivian government created a Ministry of the Legal Defense of the State, specifically "charged with the juridical defense of national interests (represented by the state) in the area of investments." This body has been charged with reviewing all bilateral investment treaties to which Bolivia is a party for their consistency with the new constitution. In the event of a conflict between the two, the government has stated its intention to withdraw from the treaties altogether.

The commitment to a common regional project is based explicitly on the recognition that it will be impossible for any one country to break successfully from neoliberalism (Sader, 2006: 2). However, alternative integration is positioned as a breathing space from economic relations dominated by imperialist interests and not as a regional project of socialism (see Regueiro, 2006: 4). While the very presence of an alternative is a threat to Northern hegemony in the region, many critics have pointed out that the ALBA governments have yet to confront the extractive model of accumulation underpinning those interests. Others question the capacity and political will of now-institutionalized social movements to confront the class structures and alliances underpinning the regional division of labor; to what extent will the new regionalism evolve as a pact between national bourgeoisies while regional expressions of the working class (still fragmented along national lines) continue to be all but absent? Even as they diversify trade partners, renegotiate contracts with mining and oil companies, and create alternative financial instruments, these initiatives run parallel to the continued servicing of national debts, the increasing exploitation of workers and environmental resources by multinationals, and the removal of massive profits from the region. In this context, social movements have raised the question to what degree certain initiatives *do* constitute an alternative (Villegas, 2010). [7]

CONCLUSIONS

During a debate in the British House of Lords in early 2010, Peter Mandelson (now a life peer) was asked how the human rights suspension clause of the EU agreement with Colombia and Peru would work in practice. Both the perfunctory line of questioning and his dissembling response were revealing:

> Once the agreement is negotiated, and assuming that it contains a clause pertaining to human rights which all the participant countries can invoke, it is up to either side if they are so minded, having entered—I hope—into a proper discussion about the questions beforehand, in extremis and as a last resort, to suspend the agreement. However, it is open to either side to do that, not just the EU (Mandelson, 2010).

A first reading would indicate that, in fact, the clause is not intended to work at all. More broadly, it reveals both the order that exists between human rights and the rights of capital in this sort of agreement and the "gentleman's agreement" not to look too closely into human rights violations in another region, lest the door be left open to scrutiny of one's own. In fact, even during the most repressive years of the Uribe regime, social movements in Colombia were forcing the door open through their rejection of trade and investment agreements like that with the EU which, at moments (for example, the ongoing indigenous Minga, now Congress of the Peoples), have come to symbolize the entire model sought by Uribe, and now Santos, and the class interests they represent.

The EU has made clear the dual strategy behind its attempt to resolve the financial crisis: passing its costs on to European workers while enabling its multinationals to become more competitive in new fields of accumulation in the developing world. While the crisis now facing Europe is somewhat different from that of the 1970s, parallels can be drawn. As the violent recession in the United States spread globally after the second oil shock in 1979, a prolonged period of restructuring and, ultimately, greater exploitation of the workforce ensued. However, that move to bolster profit margins through greater rates of exploitation and sustained attacks on labor organization and expression was also internationalized. Writing in the aftermath, Marini (1992) argued that the response to Latin American capitalists at successive moments of crisis had been to bolster flagging profit margins by mobilizing their countries' capacity to produce not by developing worker productivity but by increasing the exploitation of the workforce (Marini, 1992: 120) to the point that superexploitation became the defining feature of capital formation in early Latin American history (Marini, 2005: 154–160). Similarly, in Colombia, the violence and increasing structural pressures on the workforce that have accompanied deep trade and investment liberalization (and, it must be stressed, rapid economic growth) express the particularity of dependent development in the current conjuncture. The regime of state terror can be seen as a crucial tool of labor management but also (when placed in reference to organized communities in struggle in the countryside) of resource management in the service of the extractive sectors. This generalized social condition, in turn, becomes a key mechanism in guaranteeing a transfer of value to the North. Echoing the findings of a recent session of the Permanent People's Tribunal in 2010, insofar as this regime is known to the United States, Canada and the EU, backed by them through aid and preferential trade agreements, and beneficial to them through the value it produces, they are complicit in it (Permanent People's Tribunal, 2010b: 11-12).

This article has examined the current schema of dependency in the Andean region through the lens of two groups of governments and their war of position over economic integration. The position of the first group is based on the promotion of the dominant position and rights of investors in the extractive industries and new areas of accumulation. It has enabled more aggressive intervention by Northern capital in the economic steering and social provisioning functions of the state and in relationships between people and the environment previously unmediated by the market. The states in question actively contribute to providing a stable environment for investments through massive deregulation, an ideological and terror-based campaign against their citizens in the name of internal security, and, in the case of Colombia, a regional counteroffensive against the progressive wave.

The position of the second group involves the building of regional alliances in an effort to recover the potential of integration as a mechanism for breaking from dependency. The issue of whether the strategy will be successful is itself dialectical at two levels. First, the potential of alternative integration to create a counterhegemonic bloc depends on the capacity and political will to confront class relations at a regional level. This cannot be done at the level of the state without considerable popular pressure, and what is new is the degree to which alternative integration has entered the popular imaginary as a project for the region. The second dynamic is, of course, the capacity of progressive governments to alter social relations within their nations, and here I would include the same proviso. As the indigenous Minga in Colombia is insisting, any alternative project will have to be constructed through democratic means and informed by popular ambitions and priorities—a "vertical integration" of popular forces at the national and the regional level and across governments and bourgeoisies. However, more germane is the degree to which ordinary people are engaged in dry economic matters habitually left to others more adept at working in the political ether, with the authority and concreteness of those fighting to maintain control over the conditions of everyday existence. For those born into a unilinear world it is a massive victory that people are talking about alternatives to neoliberal capitalism at all; for those born a bit earlier it may feel as if alternative integration were simply the language of transformation befitting this particular moment. In any case, for any substantial transformation to take place, we need to link popular discussions around alternative integration, development strategies, and sustainability to the continuing struggle against imperialism as many social movements in Latin America are doing and attending to earlier histories of integration, including schemes that failed. The success of alternative integration may well lie in the strength and success of interventions and actions taken at this level. As fragile as it is, the "integration of the peoples" is an expression of struggles against mechanisms that directly impact wage labor, unalienated production, household survival, resource management, and land titles. After such a decade, the strength of the sense of being entitled to be involved in national planning should not be underestimated.

NOTES

1. At stake was the question of recreating relations between the EU and Andean bloc in a manner that did justice to the radical asymmetries between the two regions and within CAN itself. Typical neoliberal arrangements address asymmetries through a variety of tempering mechanisms predicated on the assumption that all sectors will eventually be fully opened to trade and foreign investment. In contrast, the Bolivian proposal attempted to make regional asymmetries themselves a transversal theme, by removing vital sectors and themes from the table altogether, and by linking tariff reduction by Bolivia and Ecuador to value-added exports from their embryonic industrial sectors. The proposal also sought to "establish clear benchmarks of a social character" by adding migration to the agenda (Movimiento Boliviano por la Soberanía y la Integración, 2007).

2. If one examines the list of nontariff barriers to trade in the EU's newly rebranded Market Access program, the pattern of complaints against Andean countries is one of an overwhelming attack on sectors producing value-added products and services. At the behest

of Volkswagen Group, for example, Colombia was forced to eliminate a value-added tax differential between locally produced or assembled vehicles up to 1,400 cc. and imported ones in the early 2000s. Currently, the EU is monitoring the imports of automotive parts and assembled vehicles to countries of the Andean bloc in light of a commitment by CAN to abandon its 1993 common automotive policy, which included local-content provisions and a common external tariff (see http://ec.europa.eu/trade/tackling-unfair-trade/trade-barriers/investigations/ [accessed June 11, 2010]).

3. The agreement also provides for the deregulation of current-account payments with a standard but limited provision for the use of capital controls in instances when a host party is facing a "serious external financial or balance-of-payments crisis" (Trade Agreement, 2010: 7, 246). Anderson (2009) suggests that such provisions have only exacerbated the vulnerability of Southern economies during the current financial crisis.

4. While negotiations of free trade agreements attract considerable attention, there are only two such agreements currently in force between the EU and Andean countries as opposed to 67 bilateral investment agreements between individual states of both regions. The EU was granted full jurisdiction to negotiate investment protection clauses only in December 2009 under the Libson Treaty (see the UNCTAD International Investment Agreement database, rtais.wto.org/UI/PublicAllRTAList.aspx [accessed May 10, 2010]).

5. Despite going to great lengths to sell an image of being more personable and businesslike, Uribe's successor Juan Manuel Santos has allowed both Uribe's entreguista agenda and the neoconservative crush of organized labour to continue since coming to power in August 2010.

6. See Agencia Nacional de Hidrocarburos, http://www.anh.gov.co/es/index.php?id=116 (accessed June 10, 2010).

7. For a cogent discussion of the limitations of many twentieth-century projects for regional integration, see Marini (1992).

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