The Bolivarian Alliance for the Americas (ALBA) and the Fragmentation of the Caribbean Community (CARICOM)

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Abstract

In 2005, the leftist government of Venezuelan President Hugo Chavez launched the Bolivarian Alliances for the Americas (in Spanish: Alianza Bolivariana para los Pueblos de Nuestra América – ALBA) in Cuba, the western Hemisphere’s only communist nation. ALBA, an international cooperation organization based on the idea of social, political, and economic integration between the countries of Latin America and the Caribbean was launched as a counterweight to the Free Trade Areas of the America (FTAA) proposed by the United States of America. It exposed the ideological rift between the United States and the increasingly powerful Venezuela and the battle for dominance of the geopolitical space. Washington, which had ignored the Caribbean and Latin America as it fought wars in the Middle East, wrote letters to the member states of the Caribbean Community (CARICOM), encouraging them not to join’s Chavez’s regime. Three of CARICOM’s 15 full-members have since joined ALBA. This paper discusses the factors that might have contributed to the decision by these three nations to join ALBA even as others did not.
Introduction:

The Commonwealth (English-speaking) Caribbean has a history of attempt at political and economic unity. Efforts at unity go back to 1958 with the West Indies Federation. The bloc, established by the British Caribbean Federation Act of 1956, attempted to establish a political union among its members.¹ The grouping then set about to establish federal institutions and support structure, the specific of which are not pertinent to this discussion. ² The Federation collapsed in 1962 beginning with the withdrawal of Jamaica, its largest member, after a national referendum in 1961. ³ Antigua and Barbuda, Barbados, Guyana, and Trinidad and Tobago on December 15th, 1965 joined together and founded the Caribbean Free Trade Association (CARIFTA). ⁴ By 1971, many of CARIFTA nations had become independent of Britain. CARIFTA was intended to unite their economies and to give them a joint presence on the international scene.⁵ In 1972, Commonwealth Caribbean leaders at the Seventh Heads of Government Conference decided to

¹ The Federation comprised: Antigua and Barbuda, Barbados, Dominica, Grenada, Jamaica, Montserrat, the then St Kitts-Nevis-Anguilla, Saint Lucia, St Vincent, and Trinidad and Tobago, all of which were still colonies of Britain.
² It is important to note that the Federation faced several problems. These included: the governance and administrative structures imposed by the British; disagreements among the territories over policies, particularly with respect to taxation and central planning; unwillingness on the part of most Territorial Governments to give up power to the Federal Government; and the location of the Federal Capital.
³ Trinidad and Tobago, another of the larger members of the grouping, suggested that Jamaica’s move justified its own withdrawal, and the twin-island republic also withdrew soon thereafter.
⁴ Dominica, Grenada, St Kitts-Nevis-Anguilla, Saint Lucia and St Vincent and the Grenadines joined the organization on July 1st, 1968 with the further addition of Montserrat and Jamaica and on 1 August, 1968, and Belize (then British Honduras) joining the Association in 1971.
⁵ Specifically, CARIFTA was intended to encourage balanced development of the Region by increasing, diversifying and liberalizing trade, and ensuring fair competition.
transform the CARIFTA into a Common Market and establish the Caribbean Community (CARICOM)\(^6\), of which the Common Market would be an integral part.

**CARICOM**

The signing in Chaguaramas, Trinidad and Tobago on July 4\(^{th}\), 1973 of the Treaty establishing the Caribbean Community was a defining moment in the history of the Commonwealth Caribbean. Although a free-trade area had been established, CARIFTA did not provide for the free movement of labour and capital, or the coordination of agricultural, industrial and foreign policies. The 15 member states of the CARICOM trade block have moved beyond being a mere free-trade area to encompass programmes for sustained economic development within the Region as well as unified trade, economic, and foreign policies with States outside the Region.

Globalisation and its concomitant liberalisation of trade and movement of human capital, etc, have underscored the need for the CARICOM to work together. With the CARICOM Single Market and Economy (CSME)\(^7\), the member states have

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\(^6\) CARICOM countries are: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago. CARICOM Associate Members include Anguilla, Bermuda, British Virgin Islands, Cayman Islands, and Turks and Caicos Islands.

\(^7\) The CARICOM Single Market and Economy is intended to benefit the people of CARICOM by providing more and better opportunities to produce and sell our goods and services and to attract investment. It will create one large market among the participating member states. The main objectives of the CSME are: full use of labour (full
agreed to protocols\textsuperscript{8} that have integrated their individual economies. These agreements speak to inter and extra-regional trade and tariffs for extra-regional products. The Organisation of Eastern Caribbean States (OECS)\textsuperscript{9}, a sub-regional grouping of CARICOM, has an even greater level of integration, including a common currency. There is often talk of a CARICOM position on issues of international importance, including within the United Nations.\textsuperscript{10}

**ALBA**

The Bolivarian Alliances for the Americas (ALBA)\textsuperscript{11} was launched in Havana, Cuba in 2005 by Cuba and Venezuela. The alliance seeks to reduce or eliminate tariffs between member countries. ALBA is a deliberate counterweight by

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\textsuperscript{8} To illustrate, St. Vincent and the Grenadines and Grenada both produce flour and member state must first import flour from these jurisdiction and to apply for the relevant permits to import from outside the region if there is a shortfall.

\textsuperscript{9} The OECS came into being on June 18\textsuperscript{th}, 1981, when seven (7) Eastern Caribbean countries signed the Treaty of Basseterre, agreeing to cooperate with each other and promote unity and solidarity among the Members. Following the collapse of the West Indies Federation, and prior to the signing of the Treaty of Basseterre, two caretaker bodies were created: the West Indies Associated States Council of Ministers (WISA) in 1966 and the Eastern Caribbean Common Market (ECCM) in 1968. As the islands gained their independence from Britain there was need for a more formal arrangement to assist with their development efforts. So it was that the OECS was established. The WISA Secretariat became the central secretariat of the OECS and the ECCM, the Economic Affairs Secretariat. The OECS is now a nine member grouping comprising Antigua and Barbuda, Commonwealth of Dominica, Grenada, Montserrat, St Kitts and Nevis, St Lucia and St Vincent and the Grenadines. Anguilla and the British Virgin Islands are associate members of the OECS.

\textsuperscript{10} In fact, some have even advocated that there be a CARICOM position on the China-Taiwan situation, since some nations support one of the two sides of the straits.

\textsuperscript{11} In 2006, Bolivia joined Venezuela and Cuba in their alternative trade alliance. Today, the group comprises eight full members: Cuba, Venezuela, Bolivia, Ecuador, Nicaragua, and the CARICOM nations of Dominica, St Vincent and the Grenadines, Antigua and Barbuda. Another four countries have observer status: Paraguay, and Uruguay and CARICOM members Grenada, and Haiti.
countries of Latin America and the Caribbean to the proposed Free Trade Area of the Americas (FTAA) proposed by the United States. The FTAA advocates the liberalisation and privatisation of public services, which would inevitably mean millions of people in the hemisphere would be deprived of the basic services needed for human survival.

However, in contrast to the FTAA, which focuses on an unregulated market, free trade and economic liberalisation to generate growth and prosperity in the region, ALBA advocates social, political, and economic integration and social reforms which place the fight against poverty and exclusion at its centre. In order to help overcome trade disadvantages, ALBA pushes for solidarity with the economically weakest countries, with the aim of achieving a free trade area in which all of its members benefit.

**Purpose of the Study**

Consequent upon the launch of ALBA and the accession to it by some CARICOM countries, there have been some important departures from what can be considered a “CARICOM position. Oil-rich Trinidad and Trinidad, the largest economy in CARICOM, supports the FTAA and lobbied to host its headquarters. As the world prepared for the United Nations Conference on Climate Change in Copenhagen in
2009, ALBA denounced the agreement but then Prime Minister of Trinidad and Tobago, Patrick Manning\textsuperscript{12}, said he was not expecting division within CARICOM because of ALBA’s position\textsuperscript{13}. In May 2010, St. Vincent and the Grenadines said it would no longer pursue a possible candidacy for a non-permanent seat on the United Nations Security Council for the 2011-2012 term because of a lack of support from two (unidentified) CARICOM nations\textsuperscript{14}. The main opposition New Democratic Party\textsuperscript{15} in St. Vincent and the Grenadines said that the country was being used as a proxy by Venezuela in an attempt to undermine Colombia’s chances of securing the seat. Colombia has not signed onto ALBA and is perceived as being sympathetic to the United States of America, which Venezuela considers an imperialist nation and a common enemy of Latin America and the Caribbean. These and other developments suggest a departure by some CARICOM nations from a “CARICOM position” and beg the question “Has ALBA led to the


\textsuperscript{13} “What has emerged out of those deliberations is that CARICOM takes precedence over all other political, economic and other arrangements in the region and therefore it is the CARICOM position that is likely to prevail in respect of the CARICOM countries that are part of ALBA rather than the position articulated by any other grouping. CARICOM is not a fly-by-night arrangement, it is one of the longest integration movements in the world, those of whom subscribe to it take it very seriously and it has worked in the past in so many ways, and we don't see CARICOM and CARICOM unity being threatened as a consequence of that development,” Manning said.


fragmentation of the Caribbean Community?” This paper will attempt to answer that question.

**Methodology**

This paper uses qualitative methodologies, namely content analysis and logical analysis to evaluate the extent to which ALBA has defragmented CARICOM. This will be done within the context of theories of interstate relations, including Stag Hunt Theory. My analysis will rely heavily on materials relating to the two regional blocs published in the media across CARICOM. Further, it will consider the statements of leaders and other national political figures in the respective countries regarding how ALBA has affected relations between and among countries within and between ALBA and CARICOM.

**Literature Review**

In “Venezuela in the Caribbean: Expanding its Sphere of Influence”, former Caribbean diplomat Sir Ronald Sanders discusses the circumstances contributing to several CARICOM countries signing on to ALBA while others have stayed away. Sanders notes that before 2005, Venezuela’s influence in CARICOM was minimal with little trade between both actors. Additionally, there was “no great level of collaboration” between both actors within the Organisation of American States
(OAS)\textsuperscript{16} and the Latin American and Caribbean groups of the United Nations bodies. In fact, prior to 2005, CARICOM’s concerns about Venezuela related to Caracas’ claim to two-thirds of the territory of its CARICOM neighbour, Guyana\textsuperscript{17}, in addition to the controversy surrounding Venezuela’s passage of a law in 1978 asserting ownership of the Aves Island\textsuperscript{18} (\emph{Isla de Aves}) in the Caribbean. Venezuela also participated in complaints to the World Trade Organisation (WTO) over the Caribbean’s preferential access to the European Union (EU) market for bananas, then the mainstay of the economy of Grenada, St. Vincent and the Grenadines, St. Lucia, and Dominica.

Hugo Chavez came to office in Venezuela in 1999, when oil was $10 a barrel, the price of which peaked at $147.30 in July 2008. Sanders notes that Caracas paid off

\textsuperscript{16} The OAS is composed of all of the states of the Americas and the Caribbean (Cuba's membership has been suspended. The OAS is governed by the 1948 Charter of the OAS, a multilateral treaty that acts as its Constitution. Article 3(d) and 3(j) of the Charter provide, respectively, that "The solidarity of American States and the high aims which are sought through it require the political organization of those States on the basis of the effective exercise of representative democracy" and, "The American States proclaim the fundamental rights of the individual without distinction as to race, nationality, creed, or sex."

\textsuperscript{17} Guyana, officially the Co-operative Republic of Guyana and previously known as British Guiana, is 214,970 km\textsuperscript{2}/83,000 sq mi (84th) in areas and is located on the northern coast of South America. It is culturally part of the Anglophone Caribbean and has been a former colony of the British, Dutch, French and for 200 years the Spanish. It is the only state of the Commonwealth of Nations on mainland South America, and is also a member of the Caribbean countries and also members of the CARICOM, which has its secretariat headquarters in Guyana's capital, Georgetown.

\textsuperscript{18} Isla de Aves (Spanish for "Island of Birds"), or Aves Island, is a Caribbean dependency of Venezuela. It is located at 15°40'18"N 63°36'59"W, 115 miles southwest of the closest land, Montserrat, 140 miles west of Dominica in the Caribbean, and 340 miles north of the Venezuelan mainland. It is 375 m in length and never more than 50 m in width, and rises 4 m above the sea on a calm day. The island has been the subject of numerous territorial disputes between the neighbouring independent islands, such as Dominica, and European mother countries of surrounding dependent islands, such as the Netherlands. According to the UN Law of the Seas it is classified as a rock, which would only give Venezuela a 12-mile economic zone. However, Venezuela claims it is an island which grants it a 200 mile Exclusive Economic Zone.
its debts to the World Bank in April 2007, five years ahead of schedule. Having earlier repaid the International Monetary Fund (IMF), Caracas flaunted its new freedom, with its Finance Minister saying “Goodbye to you … Venezuela is free and sovereign.” A debt-free Caracas had “considerable capacity to manoeuvre domestically and internationally and to challenge the old order of power in Latin America and the Caribbean,” Sanders notes. This influence came in the form of two initiatives directed at the Caribbean in 2005: the PetroCaribe and ALAB-Caribe Fund.

Under PetroCaribe\textsuperscript{19}, Venezuela provides crude and refined oil products to the participating Caribbean states for payment of 60\% of the cost within 90 days. The remaining 40\% is to be paid over a period of 23 to 25 years at 1\% interest as long as the cost of a barrel of oil does not fall below $50, when the interest rate would rise to 2\%. Under the ALBA-Caribe Fund, to which Venezuela has subscribed $50 million, participating countries can draw for financing social and economic programmes.

In addressing the question “What does Venezuela get from all this?” Sanders notes that CARICOM countries account for almost half of the 34 nations in the OAS. 

\textsuperscript{19} Petro Caribe consists of two sets of Agreements: the Energy Co-operation Agreement, signed by several CARICOM governments in June 2005; and, several bilateral energy agreements which were subsequently signed between individual CARICOM governments and the government of Venezuela.
Hence, if Venezuela can get CARICOM nations on its side, it could dominate the organisation. In light of the realist argument regarding states pursuing their own self-interest, CARICOM countries benefit from ALBA’s arrangement in that the PetroCaribe eases their cash flow and puts at their disposal more monies to concentrate on developmental project in their respective jurisdictions. However, ALBA was being proposed at a time when many CARICOM leaders felt that the United States was ignoring the plight of the region. Sanders says that with the Cold War ended, the United States interest in the regions focused only on issues of concern to the United States. In addition to this, the United States had joined Latin American nations, including Venezuela, in complaining to the WTO about preferential access to the European Union market for bananas from CARICOM nations.

Sanders says:

It is significant that the [CARICOM] countries that signed up [to ALBA] did so despite receiving a letter dated 27th June 2005 from the US State Department that was heavily critical of President Chavez saying that “democracy was being threatened under his rule” and accusing him of destabilizing neighbouring countries by supporting radical groups.

20 Sanders lists interdiction of drug traffickers; port and airport security as part of the US war on terror; and illegal migration.
The letter was ignored by many Caribbean leaders in part because they had been concerned about the unilateralist practices of the Bush Administration and the demonstrable lack of meaningful involvement by the US in the economic and social issues that most concern CARICOM governments.

Also, they would have been perfectly aware that while the US was urging them not to deal with the Chavez government, the US itself continued to be the largest market for Venezuelan oil. As many of them would have seen it: If the US was dealing with the Chavez government, in its own self-interest, despite all the matters identified in the State Department letter, why shouldn’t Caribbean governments? Particularly as the US remained neglectful of the issues that most concern the CARICOM countries?

These issues remain: official development assistance to build infrastructure and to provide employment, to alleviate poverty, and to finance human resource development and the provision of health services.

CARICOM media have also taken a keen interest in the development, with Jamaica Gleaner dedicating its editorial of January 16, 2008 to a discussion of the relationship between both blocs as the CARICOM nation of Dominica prepared to join ALBA. The editorial said a new member of ALBA “will strengthen the organisation ‘as a new geopolitical space’”. It further noted that CARICOM has evolved into a “political organisation with a largely synchronised foreign policy” and said “[o]n the trade and economic side, no [CARICOM] member can, or is expected to, enter into the arrangements with third parties that afford these parties benefits not enjoyed by [CARICOM] partners. … Part of the strength of [CARICOM] is, of course, the degree of insulation it helps to provide these small
nations from the hostile buffeting of the global environment. Dominica would be advised to act in concert with its community partners.”

The reservation expressed by the newspaper was echoed by CARICOM citizen voicing in a BBC Caribbean Internet forum beginning February 4, 2008 their opinions on the regional bloc’s participation in ALBA. The BBC Caribbean had asked “Should the Caribbean sign on to the hemispheric integration project promoted by the Venezuelan President Hugo Chavez?” One respondent felt “CARICOM should be very, very wary of ANY hemispheric integration project promoted by the Venezuelan President Hugo Chavez.” Another said, “It would be foolhardy for the Caribbean to join an alliance to counter America’s influence in the region. … The thrust of Chavez is both anti-democratic and anti-capitalist.” However, other respondents were in high praise of the initiative. They said it had helped to alleviate poverty in the region and was a counterbalance to US hegemony. “If you allow the US or European influence to continue to run the government of your country, you are basically welcoming slavery back at your own will. Support the new economic revolution,” a respondent said. As of November 4, 2010, 49% of the respondents expressed a negative opinion of ALBA and Venezuela’s intentions; 41% percent had a positive opinion of the hemispheric block while a further 10% expressed opinions that did not clearly communicate their attitude to ALBA or had
said that CARICOM should seek more information before joining the bloc. The opinions are illustrated graphically below:

A graphical representation of opinions expressed in a BBC Caribbean online forum beginning on February 4, 2008

**Theoretical Application**

In “The Tragedy of Great Power Politics”, John Mearsheimer says that the main goal of each state is to maximize its share of world power, at the expense of other state. However, Mearsheimer argues that while becoming the strongest of all great powers would be a welcomed outcome, great powers strive to be the hegemony, the only great power in the system. In the context of the ALBA and the CARICOM, Venezuela and the United States are each trying to be the hegemon in the
hemisphere. Each has proposed its own regime as it tries to dominate the geopolitics of the western hemisphere, namely the United States’ Free Trade of the Americas and Venezuela’s ALBA. CARICOM, because of its geographical location and socio-political circumstances has been caught up in the struggle as it tries to secure its interest -- geo-political, socio-economic, and otherwise. Further, the individual nations of CARICOM each has their peculiar circumstances, wherein some have larger economies and are hence between able to survive than others, notwithstanding economic integration. The actions of the various actors in this scenario reflect an observation by (Morgan & Palmer, 2003) that “Foreign policy action are taken with the intent of accomplishing something on a particular issues, whether the destruction of some state as an independent political entity or the realization of favourable terms of trade for a particular company.”

According to Robert Keohane, when a regime institutionalizes cooperation, they can also reduce the cost of future agreements. Regimes further generate the expectation of cooperation among members. In this way, CARICOM expects its members to hold a single position on issues that are of consequence to the group and have provided penalties for defections. However, there are intermittent developments which the Treaty did not envision and therefore did not prepare for.
Joseph Grieco, proposes power-based theories of regimes using hegemonic stability theory, which posits that the international system is more likely to remain stable when a single nation-state is the dominant world power, or hegemon. However, as can be seen in the case of ALBA and the FTAA, there can also be regional or hemispheric hegemons. Hegemons exercises leadership, either through diplomacy, coercion, or persuasion. Some realists use hegemonic stability theory within regime theory to explain how regimes change. They argue that the presence of a strong hegemon is what makes for a successful regime. Both ALBA and the FTAA have strong hegemons in the United States and Venezuela according but CARICOM, arguably, has none.

Further, Stag Hunt theory is also useful in understanding what informed the decision of the three CARICOM nations – St. Vincent and the Grenadines, Dominica and Antigua and Barbuda – to join ALBA. The Stag Hunt is a game theory developed by Jean-Jacques Rousseau and describes a conflict between safety and social cooperation. In the stag hunt, two hunters must each decide whether to hunt the stag together or hunt rabbits alone. While half a stag is better several rabbits, the stag will only be caught if the hunters decide to combine their efforts. Each hunter would prefer to cooperate in hunting the stag, but if the other
player's motives or actions are uncertain, the rabbit hunt is a risk-free alternative. In the case of CARICOM and ALBA, each CARICOM nation is concerned about its own domestic interest but have decided that because of their small size (geographically and otherwise), it is better to seek to pool their efforts as they pursue their interest collective interest (the stag). Hence, it is in the interest of the individual states to ensure the success of the groups.

In this scenario, the rabbit is any development from which an individual member of CARICOM or CARICOM as a group can benefit even in the absence of reaching the overarching goal of the group. My conclusion is that the CARICOM nations that joined ALBA and those that did not join did so for the same reason: it was in their interest to take that course of action. The larger nations of CARICOM, whose economies are more diverse and stronger, can afford to fund its social development/transformation projects. The therefore had no need for the PetroCaribe initiative, which, by its delayed payment system, improved the nations’ cash flow and hence did not see ALBA as bringing any substantial benefits to them. To illustrate, while CARICOM member Trinidad and Tobago, which exports oil, ideally should have blocked the ALBA initiative, in keeping with CARICOM protocols, it facilitated it, because doing so was in its interest. Sanders makes the point thus:
One clue as to why it did so is that Trinidad can now proceed to divert its oil and gas supplies from CARICOM countries to the United States strengthening its relationship with Washington, assuring itself of on-time payments, and having no obligation to allocate part of its earnings to a fund to help its customers (as it felt obliged to do with CARICOM States). Another clue is that the Trinidad government was interested in settling its own arrangements with Venezuela to exploit oil and gas reserves along their maritime border. Had [Prime Minister Patrick] Manning decided to block the PetroCaribe agreement between Venezuela and some CARICOM States, he would have soured any prospect of an agreement between Venezuela and Trinidad & Tobago to share the hydrocarbon reserves between the two countries.

However, the CARICOM nations that joined ALBA have benefited or stand to benefit in substantial ways. Dominica has received asphalt, university scholarships, $12 million for housing and a commitment to build a refinery processing 10,000 barrels a day. In defending ALBA, Dominica Prime Minister Roosevelt Skerritt said:

“ALBA is basically a mechanism which was set up by the President of Venezuela, using the resources of Venezuela to assist with fighting poverty and improving the economic and social well being of member states. And even countries which have not been members have benefited out of that framework. And, you cannot like the President of Venezuela; you cannot like Venezuela; you cannot like Ralph Gonsalves [Prime Minister of St. Vincent and the Grenadines]. But, you cannot say that our countries have not benefitted, our people have not benefitted from the generosity of the government and people of Venezuela.”

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21 Telephone interview with WE FM’s “Skake-up” in St. Vincent, Dec. 10, 2010
St. Vincent and the Grenadines has received a fuel tank and gas facility while Venezuela is part of the “coalition of the willing” helping to build the nation’s first international airport. Venezuela has also granted scholarship to the nation’s students and is helping to fund its one laptop per student policy. In making the case for re-election in December 2010, the country’s prime minister, Dr Ralph Gonsalves listed ALBA among the policies that he said the main opposition would rescind if elected.

Antigua and Barbuda, the other CARICOM member of ALBA, has received fuel shipments of 90,000 barrels each and a $7.8 million loan for airport upgrade. CARICOM non-ALBA members, including Jamaica, Guyana, Haiti and Belize have benefitted from the initiative.

**Conclusion**

There are a wide range of factors informing the formation of ALBA and also the decision of individual countries to become members of the regime. In the case of CARICOM nations, socio-economic considerations are the driving force. However, notwithstanding the fact that only three members of CARICOM joined ALBA, ALBA has not fragmented the CARICOM Community. In essence, the CARICOM members which join ALBA are still a part of the stag hunt. However, in light of
their small, open and vulnerable economies, and in light of domestic political considerations, they are taking even rabbit that comes along, even as their hope to bag a stag. To borrow from Sanders’ argument:

“…because of PetroCaribe, President Chavez’s government has become an influential player in the Caribbean, and there will be adjustments in bilateral relations between individual CARICOM governments and Venezuela tailored to peculiar circumstances.

But, CARICOM governments will not follow President Chavez in a leftist lurch, nor will they adopt policies of nationalisation of foreign owned enterprises.

Further, they will not adopt positions in the international community, or alter their bilateral positions to suit the interests of anyone. They will continue to act in their own self-interest as they see it, mindful always, as small states, of the African proverb: “When elephants fight, the grass suffers”.
Bibliography


