Globalisation and Regionalisation: The Political Economy of New Regional Organisations in the Global South

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The adverse impact of the neo-liberal reforms being aggressively pursued in the name of globalisation since the 1960s in Latin America and 1980s in Asia and Africa has resulted in certain common trends and patterns of underdevelopment. The Southern continents need to not only realize this but also learn from each other’s experience and forge stronger political alliances and economic integration that they seem to be already moving towards independently in each of these continents. In the last three decades there has been a five-fold increase in the difference in the per capita income between the industrialized Northern and the developing Southern countries. The share of global income of the world’s richest 20 per cent rose from 70 per cent to 85 per cent, while the share of the poorest 20 per cent fell from 2.3 per cent to 1.4 per cent. Out of the 500 multinational corporations all over the world, 48 per cent belong to the US, 35 per cent to the Europe and 8 per cent to Japan. Global Capital that is moving into the Southern continents through ‘structural adjustment’ is, contrary to economic growth, creating inequality, unemployment, withdrawal of subsidy, social security and other protective measures.

After the structural adjustment programme (SAP) in Africa, there has been a retrenchment of 1,70,000 public servants by the end of 2002 in Uganda. After the Government of Uganda passed the Uganda Investment Code announcing tax relief the FDIs increased from $ 54.6m in 1993 to $ 274.8m in 2000, while the number of jobs created by foreign investment in the entire third world during 1990-93 is not even equal to the number of people entering the job market in India alone in a single year. In Nigeria after pursuing the programme of privatisation of water, currently only 60 per cent of the households have access to improved drinking water and the Sub-Saharan Africa

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continues to have the largest population without access to water. Between 1980 and 1995
the external debt of Sub-Saharan Africa rose from $84b to $223b accounting for an
increase by 165.5 per cent and countries such as Tanzania had to year mark 60 per cent of
its exports to pay its debt (while Germany after the second World war for reparation did
not allot more than 7 per cent of its exports). More aid to Africa has been accompanied
by decline in standard of living as GDP per capita has declined over the years. The story
is not very different in Latin America. After receiving funds from the IMF for well over
three decades Bolivia’s per capita GDP remains what it was in 1975. More than 70 per
cent of Bolivia’s $6.7b debt is externally mobilised from the multilateral lending
agencies. Since 1994 with the beginning of NAFTA Mexico has signed additional eleven
trade agreements with different economies accounting for a huge rise in its international
trade, however continues to register low levels of growth, and high levels of poverty and
unequal income distribution. Developing countries through trade agreements are
increasingly loosing policy options to promote industrialization. As for Asia, China
remains the largest recipient of FDI in the developing world since 1993. It received 9 per
cent of the world total FDI flows and 26 per cent of total flows to the developing world.
Inspite of China being better-off to open its economy due to its high rate of literacy and
income distribution through land reforms, it continues to face grave challenges in terms
of loss of skilled workers (32 of the 169 senior managers of foreign banks at the end of
1999 were former employees of the Bank of China) and drastic decline in expenditure on
R&D (local firms have spent less than 1 per cent of their sales revenue on R&D for more
than a decade). In India, according to the NSS, while the per capita consumption of the
top 20 per cent of the urban population increased by 40 per cent since 1989-90 for the
bottom 80 per cent of the rural population, nearly 600million, it declined. In South-east
Asian countries such as Indonesia, the annual growth rate which was around 8 per cent
till 1976 declined negatively by 14 per cent in 1998. By 1998 32million i.e. 34 per cent of
its labour force was unemployed and the average real wages declined from 1724 rupias to
969 in 1997 due to massive inflation.
One way to resist such an onslaught and growing inequalities is sought in the new
regional formations, across all the southern continents. How far have the regional
organizations been successful in struggling against neo-liberal policies initiated by the
northern countries, and actively aided by the international financial institutions? How far have they succeeded in establishing an alternative global regime of development? Before we proceed to answer these questions we need to map what exactly are the political and economic principles involved in the alternative discourse on globalisation. We can then assess which of the alternative regional formations in Asia, Africa and Latin America actually are close to the aspirations for an alternative and just globalisation.

Problematising Alternative Globalisation

Problematising alternative globalisation is an arduous task not only in mapping the alternative political and economic principles that are agreeable without excluding or being disadvantageous to any of the developing countries but also in making them practical enough in terms of their immediate implications and implementational mechanisms. We shall attempt to elaborate the core economic, political and cultural principles and also the possible conflict between them. These shall serve us as the guiding principles in making an assessment of the new phenomenon of regional organizations.

I. Economic Guidelines:

The foremost principle is to move beyond the singular focus on economic growth and trade, to arrive at human-centric `sustainable`, `humanist` or `whole` development. This involves moving beyond the `profits system` for the corporates as the prime aim of the economy and concomitantly the fictitious logic “that the huge global problem of poverty, both absolute and relative, can be solved by seeking to maximize overall economic growth, on the questionable assumption that this will push up living standards across the board. In these circumstances it will have to be recognized that the only alternative way of solving the problem is through redistribution of income and wealth, both within and between the nations”. There is an immediate need to re-establish the point that there is no alternative to reasonable and just redistribution of wealth and means of production. This shift from ‘maximization to redistribution’ helps us to make a crucial distinction between market economy and market society i.e. market needs to have a delimited role and cannot be the lone driving force for the development model to be pursued by the
countries of the South. Increasingly the Northern countries have ended up as market societies with hedonistic consumerism as the most significant motivational factor and allowing the consumer logic to dictate the social life-world, which is what Habermas referred to as a process of `colonization of the Life-World`. It needs to be recognized that since the World War II the global growth rates cannot for long significantly exceed their historic average of 2-2.5 per cent over the long term. Thus, the new development model, as against the neo-liberal model of economy, needs to postulate alternative priorities such as-

(a) Sustainable environment that is being disrupted by overconsumption of scarce non-renewable resources. Focussing on the ecological issues invariably have global dimensions and cannot be restricted to the local or the national. However, the issue of distribution of responsibilities between the north and the south needs to be elaborately discussed not to adversely impact the basic growth required for any meaningful development.

(b) Draw a causal link between population growth and poverty that works both ways. Thus to break the vicious circle between the two, eradication of poverty and upgrading of social conditions are the first priority.

(c) Universalizing the effective appropriation of all human rights- civil, political, social, economic and cultural, where both forms of rights are indispensable to any meaningful idea of development. As Amartya Sen has observed for `Development as Freedom` both civil-political and socio-economic rights are both means and ends simultaneously. `Substantive freedoms`, includes the idea of `human dignity` which refers to along with access to resources, health, education, equity of opportunities, participation in the life of the community, being free to speak. They should all finally contribute towards `giving individuals greater control over his/her environment and thereby increase their freedom`. Thus development is considered as a combination of economic issues such as income and jobs as a `social bases of self respect`. Amartya Sen considers both a `sense of self` and the capacity `to appear in public without shame` as relevant to the `capability to function`, hence as falling within the scope of an account of justice and development that enjoins the equal distribution of basic capabilities.
context, the objective of full employment appears as central to the implementation of economic and social rights. “The more so that unemployment and severe underemployment affect 30 per cent of the world workforce and the realistic projections do not warrant any optimism unless employment-oriented development strategies replace the growth-oriented ones”.5

(d) Labour of the primary producers is valued at a level compatible with basic human dignity, rather than the starvation wages which currently condemn so much of the Third World’s rural population to subsistence living. This reinvigoration of labour into the development model should subsume two important factors- (i) proper economic value to the role of ‘carers’ (including those engaged in child rearing or tending disabled relatives) (ii) policies on labour should move beyond mere ‘reactive social policies’ that bring relief to the victimized populations dealing with unemployed, underemployed and excluded, rather than with unemployment and exclusion.6

II Political Guidelines:

In the political arena the crucial issue is that of initiating the process of democratization as differentiated from democracy. The crucial issue seems to be that of conceptualizing the role of the State, in the third world, which is undergoing contradictory pulls. On the one hand, the rise of the new Empire and a growing ‘imperial global state’ constituting the new financial and international institutions, such as the World Bank, IMF, NATO, G7, Inter-American Development Bank, global corporations, warrants a strong state in the southern countries to retain autonomy to pursue independent policies. 7 In other words, there is a strong need to preserve the sovereignty of the nation-state. On the other, within the nation the process of democratization implies and entails a state that is within the control of the local, and is porous enough to account for the public opinion. Are these reconcilable objectives? Three broad views emerge on this-

(a) One set of scholars argue that ‘to resurrect the nation-state to protect against the global capital’ is a misguided nostalgia and must be rejected. Antonio Negri argues that, “We claim that Empire is better in the same way that Marx insists that capitalism is better than the forms of society and modes of production that came
before it. In the same way today we can say that Empire does away with the cruel regimes of modern power and also increases the potential for liberation." Global Cosmopolitanism’ demands that state be pushed into a process of disappearing. Even scholars from the south have began to accept that, “some erosion of national autonomy in the short term to improve economic performance in the medium term on the premise that, ultimately, it is economic strength which provides nation states with political clout in the international community”.

(b) Manuel Castells argues that, “a new form of state is emerging, and supranational institutions, national states, regional and local governments, and even NGOs are linked together in a network of interaction and shared decision making that becomes the prevalent political form of the information age: the network state”.

(c) Finally, James Petras and Samir Amin would argue that contemporary globalisation predominantly is a form of imperialism. According to Petras, the expansion of capital should be seen as an imperialist conquest, exemplified by the concentration of world economic power in a few US based multinational companies. We are witnessing transnationalisation of global elites in nexus with the domestic elites of the third world countries with an increasing disintegration of national societies and local communities. The current process is therefore best conceptualized as ‘mercantilist capitalism’, according to Petras, where “the imperial state (the United States) combines protectionism at home, monopolies abroad, and free trade within the empire”. Similarly, Samir Amin believes that protecting against the imperialist onslaught first requires a kind of de-linking before we re-globalise in order to pursue certain ‘protectionism’ internally and development without expansionism. The marginalized therefore need the nation-state ‘as a buffer from the world economy’. According to Kapstein “the
fate of the global economy ultimately rests on domestic policies in its constituent states”.13

The process of contextualising the role of the state in augmenting democratization and empowerment of the marginalized is a complex issue, beyond the scope of this essay. However, alternative globalisation has to continuously push the state to move beyond the demands of mere representative democracy and provide for substantive opportunities to the vulnerable to take part in the policy making. This is possible if democratisation refers, not to just procedural neutrality and representation but effective ‘local control’ of resources and decision-making, including autonomy for the indigenous peoples coupled with new modes of planning “by redirecting existing resources and organizing education and production in terms of locally determined goals and available resources and revenue generators”14. On the other hand, the state needs to be compelled to curb the power of the corporates, apart from the popular pressure at the institutional level there needs to restrictions on the funding of political parties by the corporates; control of the ownership of the mass media so that minority opinions are heard and openly debated in the ‘public sphere’. Finally, popular control should not be restricted just an organized and institutionalized ‘civil society’ but should also take into account the various radical and militant protest politics across the globe, including movements such as the Zapatista in the Latin America and the Maoist struggles in South Asia. In other words, merely taking on board the NGOs is not a sufficient account of the process of democratization.

III Cultural Guidelines:

Finally, cultural parameters are as important a source of conflict and discrimination in the contemporary world as the problems of economic inequality and redistribution. A broad alternative culture as part of the alternative globalisation has to have its roots not in market and competitiveness but in the processes of generating substantive solidarity. Solidarity connotes the human capacity to cooperate and trust to generate a sense of security and development and preserve spontaneous exchanges between individuals and social groups. This includes both the process of avoiding
commercialisation and marketisation of society and relations, and the continuous need to legislate on most relationships. Solidarity has many dimensions. It could include solidarity between nations—often reflected in the new phenomenon of regional integration; solidarity with future generations includes taking the responsibility for the climatic changes and damages thereof due to excessive industrialization; solidarity among social groups and classes can be expressed in the payment of taxes. Recently some of the countries have officially introduced `solidarity taxes’, which are directed to alleviating unemployment, or poverty in general. It thus needs to be recognized that alternative globalisation has to preserve solidarity as a founding, rather than as an instrumental value. In other words, individuals, groups and nations have to realize the intrinsic value of the ‘act of giving’. This incourse of time should make it possible for the nations to recognize a global order based not on uniformity and standardisation but ‘graded obligations’. The more developed will have more obligations towards the developing countries. Entrenching such an inverse relation, will alone ensure lasting global peace.

Similarly, closely related to this is the need to realize the claims to recognition. These include respect for the immense global diversity and avoid the ‘civilizing missions’. It is equally pertinent to realize the claims for recognition in their own right rather than as a dependent or a derivative variable of economy. In other words, claims for redistribution and recognition are two dimensions of justice, where both are ‘co-original’ and co-primary’. As Nancy Fraser argues, “Bivalently oppressed groups… suffer both maldistribution and misrecognition in forms where neither of these injustices is an indirect effect of the other, but where both are primary and co-original. In their case, neither the politics of redistribution alone nor the politics of recognition alone will suffice. Bivalently oppressed groups need both”.15

Alternative globalisation has to be thus based on these three broad principles of moving beyond economic growth and trade driven development in the economic field, differentiate between democracy and democratization in the political arena and augment substantive solidarity and claims for recognition in the cultural domain. In light of these broad principles we shall attempt in the rest of this article to assess the
nature of the new regional organizations and their attempts in trans-national policy making, and in what effective ways do they counter the neo-liberal reforms and usher a new era of alternative global order, and examine the possibilities of the emergence of a unified tri-continental perspective between Africa, Asia and Latin America.

**Pan-African Regionalism- AU/NEPAD: Market-Driven Economic Model**

African unity is based on the ideal of `Pan-Africanism`, which constituted both `global` as well as the `continental` perspectives. While the global Pan-Africanism envisaged a unity of `all those people with African origin` and join a worldwide movement for solidarity, the `continental` perspective emerged in an attempt to unite the post-colonial states. It was in 1958 when the first Pan-African movement was finally launched with the Conference of Independent African States (CIAS). After that in 1960, the phase of political independence for very many African nations, young African leaders took the initiative for African Unity and formed the Organisation of African Unity (OAU) in 1963. Their primary aims being liberation of the other remaining African countries and fight against discrimination, racism and hierarchies of all hues, along with the right to self-determination in running the internal affairs of the independent nations. OAU brought out the Lagos Plan of Action (LPA) in 1980. It was anchored on two principles- collective self-reliance and self-sustaining development. However, for various historical reasons, such as lack of infrastructure and continued dependence on the metropolitan powers among others, the initiative for African unity around these principles got derailed. Yet again, on July 9, 2002, leaders of 43 African countries met in Durban, to replace the 39-year old OAU, with the new African Union (perhaps named taking inspiration from European Union). The major shift was the `civic foundations` of AU. “The OAU did not even pretend to include civil society in any of its activities. Not until the emergence of the AU did the norms and principles of democracy, civil society...come to be recognized as essential to accelerate the African integration project. This recognition is a big step from the OAU days and the state-centered …approaches of the past”. Civil society is to participate in the AU through the Economic, Social and Cultural Council (ECOSOC). ECOSOC should be composed of 150 civil society
organizations, including groups such as the NGOs and community based organizations, organizations of workers and employers, traditional leaders, religious and cultural associations. There will be 24 transnational sectoral civil society organizations selected at regional and continental level.\textsuperscript{18} The economic programme for the realization of the African integration envisaged by the AU is formulated through the New Partnership of Africa’s Development (NEPAD). The African leaders had adopted NEPAD on July 21, at the Lusaka Summit of the AU in 2001. The operationalisation of the AU is interconnected to the implementation of NEPAD. NEPAD is envisaged as an alternative regional level programme to reverse the dire socio-economic conditions in Africa. `Amongst 340 million, half the population lives on less than US$1 per day. The mortality rate of children under five years of age is 140 per 1000, and life expectancy continues to be low at 54 years. Only 58 per cent of population has access to safe drinking water. The rate of illiteracy for people over 15 is 41 per cent. To reverse this situation the proposals in NEPAD are expected to help Africa achieve a growth rate of over 7 per cent per annum.\textsuperscript{19}

To achieve this NEPAD has certain core principles around which it wishes to work-

(a) \textbf{Good Governance}- It primarily refers to building institutions for the markets. It includes among other things the idea of `corporate governance’, which refers to `the mechanism through which the corporations- whether private, publicly traded, or state-owned- and their managers are governed’.\textsuperscript{20} Similarly, it also emphasizes that governments can no longer `monopolise` programme delivery and instead need active participation of the private sector and NGOs.

(b) \textbf{Economic policy-making and execution}- under this NEPAD believes that economic liberalization needs to be deepened to encourage greater private sector activity. It stresses the need for government to withdraw from `interfering’ in all the sectors of the economy. There is an urgent need to give priority to revitalizing regional cooperation and integration frameworks. The primacy seems to be given to emulate the models of European Union and NAFTA.

(c) \textbf{Productive partnerships}- The focus as per forging new partnerships is the need to recognize that NEPAD secretariat work closely with the World Bank, IMF and the African Development Bank. In fact the Poverty reduction Strategy Papers
were finalized under the guidance and approval of the WB and the IMF. NEPAD is seeking active partnership with the industrialized countries to attract Foreign Direct Investments and the international donor community. To realize this NEPAD is interested in establishing a market-oriented economy based on open trade and investment policies; the protection of property rights; supportive taxes and expenditure policies; appropriate monetary, financial and exchange-rate policies; the control of corruption, explicit promotion of the private sector activity, including the privatization of the state-owned enterprises.21

(d) Enhancement of democracy, peace and security- Democracy here refers to increasing political pluralism, allowing for the existence of various political parties, periodic organization of open elections. To achieve security the focus again has to be on peacekeeping, peace enforcement and post-conflict reconciliation and rehabilitation.

Given these broad policy formulations of NEPAD it is perhaps justified to conclude that it’s notion of regional integration is primarily driven by a market-dominated economic model. Throughout the document and the programmes taken up there is only emphasis on global integration but no sustained criticism of the global corporations and their ruthless profit making mechanisms. Instead the private sector is repeatedly looked upon as the sole alternative giving the previous emphasis on protectionisms and building indigenous industries. ‘Imperialism’ is not the ideological language used by NEPAD. Similarly, there is no mention of redistribution of any kind in removing property, instead the emphasis is on protection of property rights and the logic seems to be the neo-liberal belief in ‘maximization leading to upliftment of living conditions’. Even democracy is conceptualized more in procedural terms rather around substantive principles. Most of the regional organizations working along with or as part of NEPAD have a limited notion of participation. For instance, ‘SADC encourages non-state actors and stakeholders to form associations with which it will sign memorandum of Understanding’.22 The ‘stakeholder’ language shifts the focus where people are expected to act more as ‘consumers’ rather than as rights bearing citizens, protecting political, rather than just commercial interests. Even the institutions designed to implement the programme of integration, such as the African Peer review Mechanism, are technically functioning and largely depoliticised.
Problems are identified as functions to be solved by putting together experts’. Complex socio-economic processes are reduced to technical problems. There is no effective provision for ‘local control’ or to accommodate the demands of radical protest movements, instead civil society is equated with NGOs. While AU was critiqued as state centric integration, NEPAD becomes ‘people centric’ by virtue of withdrawal of the state, and replaced with market and the NGOs. Virtually civil society and market become synonyms of each other. However, selective state intervention is demanded, as in any other neo-liberal model, when the state has to serve the interests of the market. Therefore it is believed that ‘integration (around the imperatives of the market) will not succeeded if sufficient political muscle is not applied to make it succeed’.  

Thus, regional integration as a mode of global integration need to understand that Africa is not being ‘integrated’ for the first time with the global capital. Mere emphasis on market, growth and FDIs, give an impression that Africa is underdeveloped because it was marginalized in terms of its global integration. These myths according to Samir Amin are strengthened because of the exports of Africa represent only a minute proportion of the worlds trade. Samir Amin argues, “In fact it matters little that Africa’s exports have represented only a minute part of world trade yesterday and today. Capitalism is not a system which sets out to maximize production and productivity, but one which chooses the volumes and conditions of production which maximize the profit rate of the capital .The so called marginalized countries are, in fact, the super exploited in brutal manner and therefore, impoverished countries, are not countries located ‘at the margin’ of the system”.  

The peripheries are integrated into the global system in a ‘passive way’ i.e. they adjust without playing a significant role in shaping it. All regions are equally integrated, the point is in which are they integrated. AU and NEPAD seem to proceed on the assumption that they are the harbingers of a new global integration and in the process are strengthening the global market and thereby the already existing marginalisation of the African people. To reverse this you need certain kind of ‘delinking’ from the global market before we can reglobalise, and build a self-sufficient economy for which it is imperative to go ‘far beyond what is generally suggested under the labels of ‘good governance’ and ‘political multiparty democracy’’. Political
pluralism does not necessarily represent wider socio-economic groups; they can very well represent the nexus between the domestic and the global elites.

Finally, NEPAD’s regional integration does not take into account the problem of regional hegemonies such as the case of South Africa. In Africa, South Africa enjoys a favourable trade surplus- the overall trade balance recently stands at 5:1 in South Africa’s favour. Will the South African MNCs reinforce the South African Governments foreign policy favouring the development of the entire region or use plans such as NEPAD to gain market access? The foreign policy of the post-Apartheid South Africa aims to create congruence between ‘human rights, solidarity politics and its own development needs’. However, South Africa has contradictory policies in relation to Zimbabwe, Lesotho, DRC, and Burundi. The presence of business is seen as exploitative, profiteering or leading to displacement. NEPAD has not sufficiently focused on any of these issues. It needs to realize that countries like South Africa cannot remain as relative islands of properity in a ‘sea of poverty and insecurity’. But for this we need to move beyond the considerations of trade as formulated under neo-liberal ideological proclivity, which is what seems to be missing in NEPAD.

Asian Unity- SAARC/ASEAN- Cultural Entrapments

The most significant initiative, for not just Asian regionalism but that of all the southern countries, was taken by the newly independent Asian and African countries, as part of the Non-Alignment Movement (NAM). An important forerunner of NAM (which was formally inaugurated in 1961 at Belgrade) was the 1955 Bandung conference in Indonesia. The most important aspect was the ‘third bloc’ solidarity that emerged between the Asian and African countries. China played a prominent role in the formulation of the famous Five Principles (Panchshila) at Bandung. The most significant aspect of Panchashila was its anti-colonial spirit and belief in the autonomy of the nations and practice of non-violence.26 Finally it stressed on the cultural and racial equality bringing an important cultural dimension into the idea of solidarity. Further, the economic programme was formulated as part of the Group of 77( the entire Third World) expressed this new broad Southern Alliance. The struggle for the New International Economic Order (NIEO) initiated in 1975 envisaged-
(a) Independent pursuit to develop productive forces
(b) Carry economic affairs primarily at the national level through following the policy of self-reliance and protection to the nascent industries
(c) Though it effectively a state initiated programme it has the popular support of the people of the south.

However in spite of the spirit the NAM was non-starter and so was the initiative to forge regional alliance between the Asian countries. The literal collapse of the political project to economically align the nations in Asia was primarily due to what can be described as cultural reasons. NAM and the struggle for NIEO failed due to various cultural conflicts between the countries of Asia. Historically, in South Asia it can be traced to China’s humiliating defeat of Indian armed forces in the 1962 border war. With this the nations began to think it terms of their realist ‘national interests’ and military prowess. India began to ‘position itself so as to benefit from both the US policy of seeking to contain China and from the deepening Sino-Soviet rift’. Next was the 1965 Indo-Pakistan war around the issue of Kashmir. Yet again it had strong cultural overtones as Pakistan argued that Kashmir belonged to its territory owing to the majority Muslim population in Kashmir. Though the war did not trigger a rebellion in Kashmir, it had a major impact on the nature of realignment of forces. First, Pakistan began to cultivate closer ties with the Islamic West Asia, making the religious angle more prominent in the geo-politics of Asia. The 1971 war yet again finally lead to the formation of Bangldesh. The Simla Accord of 1972 put a temporary lid the brewing conflict but not without a realignment where the new alliance between Pakistan-China and the US stood in contrast to the Indian decision to move closer to the Soviet Union. In Sri Lanka, as the repression of the Jaffna Tamils grew and ethnic strife escalated around the question of self-determination and an inmdependent ‘homeland’ or Eelam for the Tamilians, India began to involve itself, yet again around a ethno-cultural issue. ‘On July 29, 1987 the two countries signed the Indo-Sri Lanka Accord wherein the Indian army was for the first time made the guarantor of civic peace in a neighbouring and fully sovereign country with which it was not at war’.

There are similar tensions between China and India that continue evedn to today. There is a border issue where part of Arunachal Pradesh is claimed by China as its own
territory and there is the sore point of India providing political asylum to Dalai Lama and politically active in supporting the cause of Tibet.

Amidst such entrenched cultural entrapments signing the Treaty of Rome in 1957 made the first attempt of regionalism. Institutionalised regional cooperation began as late as in 1985 when the South Asian Association for Regional Cooperation (SAARC) was established. SAARC shunned cooperation in hardcore economic issues and formed the South Asian Free Trade Agreement (SAFTA) at the end of the Islamabad SAARC summit in January 2004.29 However, “there is no specific provision in the Agreement for the adoption of measures of deeper integration…And worst of all Pakistan has refused to apply the SAFTA provisions to its trade with India.An FTA in South Asia has very little meaning if it does not cover potentially the largest segment of trade in the region i.e. between Pakistan and India”.30 Even during the recently concluded 14th SAARC Summit in New Delhi 2007, the issue of SAFTA remained inconclusive. What comes through is the ‘obsession with state security to prevail over human security’. Thus there are very little provisions to bring in non-state actors that at least express the popular sentiments. As the civil society suffers from lack of opportunities to participate the state itself is weakened after the process of liberalization with very little independent space left to it to exercise its policy options and for making macro economic policy decisions. Nation-state in this context is in a peculiar position of remaining only as a cultural entity and playing very insignificant role either in generating common political ideologies or in forging new economic alliances. Thus, ‘the intra-SAARC trade remains around 4 per cent of the regions total as against 78 perr cent of EU, 53 per cent of ASEAN and 50 per cent of NAFTA. Even the late entrant MERCOSUR have substantially enlarged their intra-regional trade’.31

As for the Association of Southeast Asian Nations (ASEAN) with 10 member countries has made some attempts to expand and stabilize with its attempts to include China, Japan and South Korea. This was made evident at the Summit held in Bali on 8 October 2003. ASEAN was set up in 1967 as a coalition of anti-Communist countries (Philippines, Malaysia, Singapore, Indonesia) to primarily stop the spread of Communism. Ironically it is this very organization now seeking integration with China. However, firstly the APT’s
The emergence of the ASEAN Plus Three raises questions about the relations between it and other regional groupings such as the Asia-Pacific Economic Cooperation (APEC) forum and ASEAN itself, as well as about the overall prospects for its future development. Secondly, given the history of the region; the cultural, linguistic, and political divisions that run through East Asia, it is again difficult not only to incorporate new members but also stabilise the relations between the old members of the ASEAN. The region’s democratization means that the rise of popular nationalism will have an impact on decision making at the highest levels... In countries such as Indonesia, Malaysia, Thailand, South Korea, and even Japan there are signs that nationalism has intensified in the wake of the crisis. ...The differences in approach to economic policy within the region that have emerged in the wake of the Asian economic crisis and underscore the cultural and institutional diversity of the East Asian region could also limit regional economic cooperation under the APT framework. Further, what is making the new regionalism between ASEAN and the new regional powers such China difficult is the ostensible nexus between chinese ethnicity and Chinese’s capital as a vehicle for regional integration. The increasing economic value of ‘Chineseness’ catalyses the ethinicisation of economic growth in the region. As some of the scholars have pointed out, “We introduce the concept of ‘ethno-class’ to encapsulate the diversity of historical, social, and economic factors that have led to the cultural and economic powers held by certain ethnically defined non-state actors”. Such ethno-class formations then become crucial in determining the political and economic relations between the countries. “From this perspective, the Malaysian state responded to the historical existence of ethnic Chinese entrepreneurs as an ethno-class by deliberately setting out to create a bumiputra (native) ethno-class of entrepreneurs. The distinctiveness of such ethno-classes then comes to be marked by ethnically based exclusion and inclusion, advantages and disadvantages, opportunities and constraints”. With bumiputra the citizens being granted with rights are not shared with non-indigenous citizens. However the culture based interactions can work both the ways, for instance, in other contexts Malaysia has been aggressive in utilizing the ‘cultural resources’ of its Muslim, Chinese and Indian populations to tap into Arabic, Chinese and Indian capital markets. A logical contradiction has thus emerged between Malaysian Chinese being viewed as national assets on the one hand and as non-
bumiputra and hence second-class citizens on the other hand. Thus, to conclude, the changing relations between China and Southeast Asia are not just international relations between different nation-states; they are also inter-ethnic relations internal to each Southeast Asian nation-state. Finally China is attempting new mode of regional cooperation to counter the culture-constrained former experiments with its new currently active Shanghai Cooperation Organisation (SCO) with China, Russia, Kazakistan, Kyrgyzistan,Uzbekistan and a proposal to include India, Pakistan and Iran. SCO aims to realize free flow of commodities, technologies and services in the Asian region. They have already agreed on 125 joint proposals relating to trade and investment. Between China and Russia alone bilateral trade has reached $ 30b, which amounts to an increase by 37 per cent from 2004. In order to boost other Asian economies China has already announced $ 900m loans for the other SCO countries. There is also along with SCO the Conference on Interaction and Confidence Building Measures in Asia (CICA) with all the major countries in Asian region including China, Russia, India Central Asian countries, Afghanistan, Pakistan, Turkey, Thailand and South Korea. It would be a platform to act on matters of social development in the region addressing concerns such as underdevelopment, poverty, literacy etc.

Asian experiments in regionalism are marred by strong cultural entrapments. They need to rework around how to infuse their experiments with substantive solidarity where the mutual obligations go beyond mere quid pro quo kind and the nations are able to dialectically balance between the claims for recognition on the one hand and realizing substantive solidarity on the other. Currently they seem to be countering each other and thereby retarding the regional experiments. Going beyond culture, without negotiating with in as in the new experiment with SCO, might yield positive results in the short-term but might prove to be counter-productive in the long run.

**LatinAmerican Solidarity- MERCOSUR/ALBA: Reconnecting with Politics**

On March 26, 1991, Argentina, Brazil, Uruguay and Paraguay met to form the Common Market of the South. Mercosur has 50 percent of the population, 58 percent the GDP, and 40 percent of the total foreign direct trade of the Latin American Integration Association
Mercosur is the third largest trading bloc in the world. The rationale for Mercosur was the notion of ‘open regionalism’, unlike the protectionism, inward-oriented model of regional integration of the 1960s and 1970s. However, Mercosur did not embrace a complete neo-liberal approach. Instead it was conscious of the political dimensions of regionalisation and was conscious that “the debate has been monopolized by economists, with an excessive focus on the trade creation-trade diversion issue, thus neglecting the political dimensions of the new regionalism”. In this sense, Mercosur was basically aimed at strengthening the bargaining power of Argentina and Brazil in regard to NAFTA, and therefore Mercosur was essentially ‘a political initiative of the governments of Brazil and Argentina’. It does not believe in the free operations of the market to achieve ‘inter-regional equilibrium’ on the basis of common industrial and agricultural policies. However, the August 1994 Buenos Aires Prudential Summit indefinitely postponed the formation of common market with a common industrial policy and productive complementarity of national economies. Argentina abandoned all state-sponsored industrial initiatives and left its national industry completely unprotected. Brazil wanted free access to the Argentine market, while Argentina wanted to preserve its automobile industry, which was hit hard by the Brazilian devaluation. Argentina’s four hundred auto parts companies feared being wiped out by Brazilian competition. In July 1999, the Brazilian government announced that all negotiations with Argentina had been suspended and even threatened to dissolve Mercosur. The lessons learnt from this crisis were the measured need of state intervention with a ‘political perspective’ on the need for regionalisation beyond merely trade-driven ‘liberalized’ integration. Regionalism needs to harmonise the macroeconomic policies around a common vision of development. In turn this requires a stronger link with the domestic politics and its demands thereof, as against such an assumption in the ‘there is no alternative’ model. Mercosur needs to develop into something more than free trade.

It is at this crucial juncture in the history of the alternative regionalism in Latin America that Hugo Chavez came up with the programme of ALBA (Bolivarian Alternative for the Americas). It is a proposed alternative to US sponsored Free Trade Area of Americas (FTAA). The core principles of ALBA includes a socially-oriented trade block rather than one strictly based on the logic of deregulated profit maximization; ALBA appeals to
the egalitarian principles of justice and equality; It proposes ‘Compensatory Fund for Structural Convergence’ which would financial aid to the most economically vulnerable countries to build economic infrastructure for ‘endogenous development’; Agriculture would prioritise food self-sufficiency rather than being a mere export-oriented activity; It is opposed to the intellectual property rights regimes, particularly concerned with the case of medicines- life saving drugs being the focus; finally, it is for the use of public policy instruments such as the provision of subsidies to regulate domestic prices to guarantee essential public services for the overwhelming majority of the population who cannot afford market-priced services. With this ideological and a political perspective ALBA is emerging as an agreement between Venezuela, Cuba, Brazil, Argentina, Bolivia, Uruguay. The Cuba-Venezuela agreements formalized on Dec 14 2004, includes among other things exchange of Cuban health professionals to build a primary health care system in remote areas of Venezuela for Venezuelans oil. Cuban support for the Venezuelan educational missions Robinson, Ribas, Sucre and Vuelvan Caras. The nine integration and cooperation agreements signed between Venezuela and Argentina include Petrosur and Petrocaribe. There is also the proposal for Telesur to build the Latin American Television Network. ALBA would also build regional alliances not by emphasizing on standardization but on principles of special and differential treatment determined by variables such as population, surface, global production, and endowment of resources, compositions of exports and external vulnerability, level of industrial development, per capita income. Further, under the ‘Gran Gasoducto del Sur’ a region wide pipeline is being planned to transport natural gas from Venezuela and Bolivia to the rest of South America. A pipeline between Argentina and Venezuela (worth $ 20b) has already been formalized; there is a proposal for South American development Bank to channelise South American international reserves from the banks in the north and Venezuela has already committed $ 2.4b to Argentina in order to assist it to pay off debts to the multilateral agencies; to improve communication there is a proposal to build a `bio-oceanic corridor’ connecting the Atlantic with the Pacific side of the continent through Bolivia and Amazonia; it is envisaged that in near future there would be joint projects to enhance technology, infrastructure, security through defence arrangements, and energy concerns with special focus on nuclear energy and hydro-electricity. ALBA is not merely
an economic integration but needs to gradually evolve into an Initiative of South American Region (IIRSA) marking the ‘physical integration of the region’ to emerge as a ‘free zone’ that is free of illiteracy, street kids and poverty. ALBA also intends to fuse with the radical social movements. These movements go beyond even lessening poverty and redistributing income and include transforming the nature and application of power. They strive to redefine power between people, place, state, class and social groups. This kind of participatory democracy is sought to be maintained along with developing a ‘social state’ that works towards maintaining its sovereignty against external intrusions. There are attempts to build creative forms of national and transnational organizations that aid democratic participation. For instance, community participation in health and education are ensured through the newly formed neighbourhood associations, health and school committees and activating local government. Pre-packaged programmes are replaced with active citizen participation under missions such as Barrio Adentro. Similarly, “the idea of ‘integral’ education is a key component of the Bolivarian Revolution, meaning that education is not seen as separate from other spheres of life; it is seen to be a critical element in efforts to create direct, participatory democracy Over two million people are active in ‘Bolivarian Circles’ that organize within local communities to discuss, and implement a variety of community projects in areas such as education, health and sports”.

Further, ‘direct democracy is evident in land councils, giving ownership and control of poor areas to local residents. These processes still raise the question as to whether a centralized state as against the global powers can it be democratic and representative in its everyday working. Though the Veneuzulean experiment does not exhaustively answer this question it nevertheless reflects the fact that “more qualitative forms of democracy and redistribution depend on a certain degree of national sovereignty in economic matters”.

ALBA comes very close to the agenda of alternative globalisation that we drew at the beginning of his article. Notwithstanding the fact that there are very many crucial issues that can only be commented upon in times to come, including the issue of how centralized that state might get given the politics of fighting the global forces and focusing a lot on the discourse of nationalism, nation-state and its sovereignty. Part of these apprehensions get reinforced by some of changes that Chavez has initiated recently
with regard to the term of the president and merging many of the political parties. However, there seem to be effective counter-check in the way power is being also decentralized and radical movements are being taken into count in the agenda setting process. Finally, the focus on redistribution beyond mere economic growth, substantive solidarity towards the vulnerable nations and a purposive distinction between democracy and democratisation are factors that need to be protected and further built as the nodal points for a larger south-south dialogue and eventual emergence of a common tri-continental perspective against the current process of neo-liberal reforms.

{ Earlier version of this paper was presented at the international conference

NOTES

2 Ibid. p.108.
4 Amartya Sen, Development as Freedom, Oxford University Press, Delhi, 1998.
5 Op cit. Copenhagen p205.
6 Ibid.
11 James Petras, Introduction, Latin American Perspectives
13 Kapstein, Workers and World Economy, Forein Affairs, May/June, 1996.
17 Adam Habib, ‘Arican Integration and Civil Society’ Transformation, 61, 2006, p.16
18 Ibid.
19 Op. cit Biswas
21 Ibid. p.395.
24 Samir Amin, The Political Economy of Africa in the Global System (unpublished)
25 Ibid
27 Ibid, p.29
28 Ibid, p.35
29 Muchkund Dubey, ‘SAARC and South Asian Economic Integration’ Economic and Political Weekly, April 7, 2007, p.1238.
30 Ibid
38 Ibid.
40 Ibid, p.277.