“ALBA’s ‘Grand National Enterprises’: tools for development?”

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I. Introduction

ALBA is an explicitly political, economic and geo-strategic project between states that share “the same vision of the exercise of national and regional sovereignty”. Established in 2004 through the Cuba-Venezuela Agreement between Presidents Castro and Chavez, it is a regional body that espouses Bolivarian integration and a welfarist approach to development. Now composed of eleven members from South America and the Caribbean, it has an increasingly broad reach through which it promotes, defends, and grows its core ideology of economic and social inclusiveness. The organisation employs a variety of tools to fulfil its mission, notably: consultative forums and committees for its membership, a broad set of ‘Grand National Projects’, or broad regional initiatives, a common currency, the SUCRE, a ‘shared development area’, ECOALPA, and ‘Grand National Enterprises’, or GNEs.

This analysis will focus explicitly on the latter, and, under the lenses of both regionalism and political macroeconomics, will attempt to assess the extent to which they are intended as tools of economic growth. Key to finding the answer to this question, I will argue, is the extensive degree of liminality and flexibility that they embody. As constructs of a deeply ideological organisation, they serve both symbolic and real purpose to meet development goals. I will first consider the literature informing this subject to date, then address the conditions and objectives that led to the creation of GNEs. This theoretical approach will then give way to an applied assessment, featuring both quantified impact and concluding prescriptions.
II. Literature review

The field of scholarship assessing the macroeconomic implications of novel forms of Latin American regionalism is both thinly-spread and limited. Nevertheless, three distinct areas of literature remain wholly relevant, and were consulted in depth for the purpose of this analysis.

Firstly, and closest to the broader field of development economics, we find New trade theorists like Krugman (2009), Stiglitz (2005), and Rodrik (2004). They assess the effects of free trade, and deem them at most “controversial”ii, on the basis that the evidence linking free trade to economic growth is weakiii. These perspectives pair well with those of institutional economists like Lewis (2010), Schneider (2014) and Foxley (2010), whose assessments of privatisations and state-owned enterprise dynamics provide a helpful backdrop to the structural transformations undergone particularly by the countries focused on in this analysis.

Secondly, and moving beyond the established field of economics, are regionalists and counter-regionalists. Marxist analysis of the EU integration process is extensive, for example: Maximova (1973), Van der Pijl (1978), Holland (1980), Elma Altvater (1979), Carchedi (2000), Werner Bonefeld (2003), Joachim Becker (2003) and Gowan Peter (2005). Yet, neither they nor broader Latin American regionalists like Cole, Muhr, Bendaña or Girvan delve into either the commercial nature of command-economy regional enterprises, or into the ‘solidarity economics’ that guides the ones in question. The latter group focus rather on the historical and ideological consciousness that guides regional development.

And thirdly, a small but emerging school of ALBA-focused economists has come to the fore as macroeconomic data becomes steadily available and the regional body takes shape following the last set of accessions. Their quantification of trade indicators has become essential in a context where ALBA publishes little, and member states (notably Venezuela) do so even less in their current economic state. My work seeks to differentiate itself from these three academic contexts by pairing theory with both organizational best practice and macroeconomic data, leaning on the very-much-siloed approach to analyzing ALBA to date. My methodology is both evaluative (though short of being an economic impact evaluation) and prescriptive, looking critically at the theoretical setting in which GNEs are ensconced, and attempting to avoid the pitfalls of “ideological bias” and “lack of empirical analysis” that over the last ten years have accompanied ALBA scholarshipiv.
III. Conditions: ALBA and its allergy to enterprise

Grand National Enterprises are a unique and particularly interesting focus of analysis because to an extent they are corporate entities playing in an explicitly anti-corporate context. So ahead of understanding the ‘what’ or ‘how-much’ aspects of ALBA’s GNEs, let’s assess the ‘why’. The emergence of these organisms is couched in the context of three dynamics: a long-term chronology of structural imbalances, a near-term political reaction to these, and the subsequent reawakening of the Bolivarian dream. These trends reveal a substantial amount about the organisational relationship between governments and ‘enterprise’, critical to assessing GNEs.

a. Structural imbalances

The twentieth century experiences of ALBA’s member states, particularly those of its South American members, tell the story of a cumulative build-up of structural tension, borne out of the continuous alternation between liberal and command economic models. The exacerbation of this tension created the political upheaval that established ALBA in 2001-2005. Some speak of market “failure”, but many point to institutional challenges that at times made the continent’s relationship with capitalism explosive. Holden argues that market reforms failed because “the conditions for the efficient and long-term functioning of markets [hadn’t] been established”, but whether absent or partial, these conditions proved by all extents damaged prior to ALBA’s formation.
A key example is that of labour markets, noted for being both extremely segmented (half of workers in 2000 would have held their jobs for fewer than three years) and poorly regulated (low degree of enforcement, limited coverage of the informal sector). Organised labour has historically been extremely weak and few mechanisms for mediation between employers and workers have been put in place. A “shallow coverage by the skills regime” further failed to strengthen the workforce against the volatility of open markets.
At the same time, Latin American governments have themselves experimented with entrepreneurial management. According to Lewis, the process of “embedding enterprise”, existing since the late nineteenth century, has fostered “both growth-inducing and growth-limiting institutional arrangements”. Nevertheless, the establishment of free-trade agreements with foreign bodies and the creation of regional groupings of economic collaboration and integration gave rise to “large-scale, efficient firms exposed to the rigours of competition from producers in neighbouring countries but still protected from unequal competition in the regional market place by overseas conglomerates”. Matched by the state’s general difficulty in “promoting ‘national’ capitalism”, the private corporation began to play a substantive role in Latin American and Caribbean economies.
Following the ‘Lost Decade’ of the 1980s, foreign corporations began to stake a sizeable share of the economic pie (see: Figure a.). Two important trends accompanied the growth in foreign corporate activity and the decline in state ownership. On one hand, natural resource extractors and refiners, which were capitalised privately (for example, Bolivia’s YPFB natural gas company, privatised in 1996), may have been beneficial through providing employment in non-urban areas, but were detrimental in that their enclave activities did not integrate the local economy, and hyper-exposed low-wage consumers to cyclical and volatile international prices\textsuperscript{xvii}. On the other hand, many enterprises that were state-run benefited their respective economy by creating deeper production linkages, particularly when sufficient investment was made to develop efficient infrastructure\textsuperscript{xviii}; they were, however, equally at risk of making limited progress towards clustering and of not advancing from ‘low-wage assembly’ to ‘manufacturing’ industrial stages\textsuperscript{xx} if finance became hard to access.

The structural vulnerability of Latin American economies and a heavy period of privatizations towards the end of the century produced a “serious disenchantment with the Washington Consensus”\textsuperscript{xxi}, as well as the emergence of social movements opposed to neoliberal globalisation. Examples of this are often linked to natural resource distribution, notably the Bolivian Cochabamba protests of 2000 (against the privatisation of the water supply) and the ‘Bolivian Gas Conflict’ of 2003, centred on the exploitation of the country’s natural gas resources. The inadequacy of private provision in these cases set the scene for government activity. In a state of market failure, where companies have trouble limiting access and determining true demand, face declining marginal costs, or provide an ‘essential’ service (like gas) whose pricing is out of reach to consumers, the entry of a public sector monopoly is preferable\textsuperscript{xxi}.

Figure a.

*Corporate sales and exports: evidence from Latin America and the Caribbean*\textsuperscript{xxii}

<table>
<thead>
<tr>
<th>Percent</th>
<th>1990-92</th>
<th>1994-96</th>
<th>1998-00</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales of the 500 Biggest Companies</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign companies</td>
<td>27.4</td>
<td>32.1</td>
<td>41.6</td>
</tr>
<tr>
<td>National private companies</td>
<td>39.4</td>
<td>41.0</td>
<td>37.8</td>
</tr>
<tr>
<td>State-owned</td>
<td>33.2</td>
<td>26.9</td>
<td>20.6</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Sales of the 100 Biggest Manufacturing Companies</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign companies</td>
<td>53.2</td>
<td>59.3</td>
<td>61.7</td>
</tr>
<tr>
<td>National private companies</td>
<td>42.8</td>
<td>38.6</td>
<td>37.6</td>
</tr>
<tr>
<td>State-owned</td>
<td>4.2</td>
<td>2.1</td>
<td>0.7</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Exports of the 200 Biggest Exporters</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign companies</td>
<td>N/D</td>
<td>29.2</td>
<td>43.2</td>
</tr>
<tr>
<td>National private companies</td>
<td>N/D</td>
<td>35.9</td>
<td>30.3</td>
</tr>
</tbody>
</table>
b. Political shift

Institutionalists present two scenarios in which change may occur. The first “assumes a profound shock to the system: either an endogenous shock, for example [a Revolution], or a shock from without, such as the First World War and the inter-war depression”\textsuperscript{xxiii}. In the case of Latin America, a widespread dissatisfaction with the economic modus operandi produced the ‘Pink Tide’, in which a political transition gave way to leftist leaders across the continent (in the particular case of Bolivia, the aforementioned clashes led to the exit of President Sánchez de Lozada and the eventual accession to power of Evo Morales in 2005). Figure b below highlights opinion polling on the role of private enterprise. I chose the year 2004 because it showcases how:

- Six years on from Chavez’s accession in Venezuela, the level of 	extit{disconcern} (Very much disagree) with the dominant role of private enterprise is high
- In the run-up to the 2006 elections of Correa in Ecuador and of Ortega in Nicaragua, 	extit{concern} is highest (Agree + Very Much Agree = at least 55% of those sampled)

Figure b.

\textit{Citizen opinion: Do you think private companies are taking charge of the country?}\textsuperscript{xxiv}

Selected present-day ALBA member countries, 2004 (Latinobarómetro)

<table>
<thead>
<tr>
<th>State-owned</th>
<th>N/D</th>
<th>34.9</th>
<th>26.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>N/D</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

A tangible exemplification of this dissatisfaction came at the 2005 ‘Summit of the Americas’ meeting in Mar del Plata, Argentina, when the proposal for a Free Trade Area of the Americas (FTAA) was rejected, driven by Caracas. This moment, a turning point, was deemed “epiphanic”; representative of the “evolving conscientisation of the citizenry since the election of Hugo Chavez in 1998”\textsuperscript{xxv}. It should be noted that this clear ‘No’ to the free trade consensus was the culmination of a large scale effort, having followed the refusal by low-income country governments of the further deregulation of the world economy at the WTO’s latest trade talks (Doha round), and regional opposition running up to the FTAA organized by the Alianza Social Continental [Hemispheric Social Alliance] of trade unions, social movements, and indigenous, environmental and citizens’ organizations (30 mass movements from 19 countries organized into 18 regional networks)\textsuperscript{xxvi}.  

\[\text{Table}\]
The launch of the ALBA-TCP (Commercial Treaty of the People) in 2006 was a natural progression for the ideologically-driven initiative, and a clear political mandate for the establishment of a different form of state enterprise activity. Up to that point, ALBA had been composed of but Cuba and Venezuela, but the year 2006 saw the joining of Bolivia, Nicaragua in 2007, and Ecuador in 2009. This became a context of contestation, and featured “both external and internal dimensions, being post-hegemonic while reflecting the political dominance of a plurality of pink tide governments”.<sup>xxvii</sup> Project activities began from then onwards, via the framework of Grand National Programmes, or broad development objectives, and their implementation through Grand National Enterprises, the heart of this analysis.

Three components kick-started the shift towards a new regional/trans-national model. Firstly, Venezuela’s existing energy integration initiative (PETROAMERICA) allowed partners (ALBA or not, but restricted to state enterprises) to enjoy savings from a streamlined production chain with fewer intermediaries, and Venezuelan oil revenues became a tool for financing ALBA projects. 200,000 barrels of oil a day began to be given at heavily discounted prices, with Venezuelan financed regional oil subsidies reportedly worth as much as $1.6bn a year in 2010.<sup>xxviii</sup> Secondly, financing of projects became endlessly more attractive (financing includes a two-year grace period, an annual interest rate of one or two percent, and a mechanism for deferred payment of between 5% and 70% of the invoice over 17 or 25 years, depending on the world market price of oil).<sup>xxix</sup> And thirdly, these factors combined to motivate ALBA member states to spend more (see: Figure c). In section IV we will examine on what.

Figure c.

*Gross national expenditure, as share of GDP (current USD)*<sup>xxx</sup>

The historical progression of structural strife, its ideological backlash, and the subsequent organisational manifestation of a left-wing alliance that pools resources on behalf of the ‘people’, became key conditions for the emergence of an ‘enterprise’ mechanism that can implement ideology whilst avoiding the corporative ills of the past.
IV. Objectives: Enterprise-driven development – symbolic and real

Understanding the objectives behind ALBA’s GNEs can help us get to grips with two key elements: firstly, the function ALBA gives these companies (what do GNEs do?), and secondly, the reason ALBA uses them (what does ‘development’ mean?). I find that both their functionality and significance is nuanced.

On one hand, GNEs are directed, intentional tools for development. Given the fact that every GNE fits within a broader, ideological GNP (Grand National Programme), they inherently act as the ‘doers’ or service providers closest to the ‘people’ served by ALBA’s TCP. They “strengthen member states at the local level” in order to “face up to the global level”. They are the tangible end-product of ALBA’s brash, loud ideological proclamation – the “direct counter-hegemonic response” to trans-national corporations (TNCs): the flesh and bones of ALBA’s comprehensive “model shift” against capitalism. Designed through a trans-national vision of complementarity, and functioning through novel methods of financing based on social equity, GNEs fully replace the comparative advantage with the “cooperative advantage”. Their productive dynamics are oriented towards the “production of use value”, i.e., the goods and services that satisfy basic needs, which are determined through compensated trade agreements (CTAs) that allow each member country to set out what it requires and what it can offer. This economic model, based “on barter and Polanyian reciprocity”, is not just a pragmatic, directed rejection of free market capitalism, but the representation of a “new continentalism”. Califano sees the GNE model as a method for solving strains of contrasting economic objectives among member states, allowing them to forcibly focus on their shared Bolivarian development. But to others, notably Muhr, this barter is more than a means and rather a grander concept in and of itself. It is a methodical “culture of resistance”, built on Hettne and Soderbaum’s “collective memory”; a shared cultural tradition to counteract the economics of monopolisation by national elites. In sum, the GNE model can have development as its core intention: whether as a service it provides, or as a model it seeks to replace and reinvent.

On the other hand, development can be interpreted as but a secondary (or absent) objective of GNEs. They may indeed provide an economic development service (food distribution, education provision), but their creation can be seen as a vehicle to satisfy alternate intentions. Ironically, one example is the preservation of national interests. This has two facets. Firstly, their legal structure “has at its core the crucial will to preserve national sovereignty over those firms operating in a given state’s territory”, with strict guidelines to empower states with majority ownership to set nationally-dictated agendas. While this may be a good incentive to ensure members’ commitment, and act as a check/balance on
imposition by other members, it could equally contribute to the dilution or distortion of the core, regional, development goal that each unique GNE is intended to address. A second example is that of Venezuela's general dominance within the GNE model - this ties in with Burges’s contestation of whether Venezuela is better regarded as a realist, ‘interest seeking’, state or as a liberal/socialist humanitarian aid provider xliii. Its role as principal funder (on the back of PDVSA, its state oil company’s, revenues) has often led to the interpretation of GNEs as “tools of petrodiplomacy”xliv, in which Caracas promotes its oil reserve and “exports”xlv its interests trans-nationally. Indeed, this exportation could have as an aim the contestation and radicalization of other regional groupings, notably MERCOSUR, the Andean Community, and UNASURxlvi. In this instance, the GNE system is less an “opposition” of an economic model and more a “proposition”xlvii of a regional politic.

Yet development doesn’t have to be either a direct aim or a veneer; it can be an economic by-product of a political agreement. GNEs can be the “new form of regional integration and therefore of political unity” that is “necessary for independent development to take place”xlviii. The enterprises, in this instance, are the manifestations of the “more state and more market” system that Foxleyxlix argued necessary for Latin America – the tools used by an “intelligent” public organism in order to “catalyse” development. In this sense, GNEs play pivotal roles: firstly, in forcing states to be both “sovereign entities and economic agents”li driven to ensure provision to the widest parts of societylili (as Evo Morales proclaimed, “trade and investment aren't state-driven ends, but means to benefit our people”lilii). Secondly, in their role as value-chain administrators and facilitators, GNEs have “opened a new space for social and private economics”liv. International chains of production and distribution, upstream and downstream, are monitored by the government, and foreign investment is directed toward guaranteeing benefits for the recipient country. Natural resources go from being “undervalued”, to “strategic”livi. And while these are truly systemic developmental consequences borne out of politically-originating objectives, we shouldn’t think of them in static terms. In effect, what is fascinating about ALBA is its evolutionary nature: it has gone from being a rubric for cooperation (circa 2001) to one of integration (today); its development results, created and yet to come, are the outcomes of “learning by doing”lv. We shall explore these outcomes more quantitatively and less theoretically in the following section.
V. Results: GNEs and grand national trade flows

The sheer ‘newness’ of GNE activity, as well as its still protean academic focus, make the quantification of the economic ‘impact’ of GNEs a difficult task. In this section, we will review the data and insights from those quantifications existing today, notably the flow of trade between ALBA members, its intensity, and the patterns in foreign direct investment.

Donelly Ramirez Cruz’s measurement of trade and trade intensity (see: Figure d.) unfortunately tells us little about GNE-specific trends, let alone the macro-level. While we can infer that ITI values are low relative to other Latin American trade groupings, there is a distinct lack of a trend for both measurements. One explanation for this, as exposed by Califano, could be the fact that ALBA members continue to trade frequently with other, non-ALBA states (Venezuela, for example, with Colombia and Brazil; Bolivia, with Brazil and Argentina in order to boost its candidature to MERCOSUR; and Nicaragua, with the USA, with whom it has a Free-Trade Agreement).

Figure d.
*Intra-ALBA TCP Trade Index and Intra-ALBA TCP Trade Intensity Index (2004-2011)*

<table>
<thead>
<tr>
<th>Year</th>
<th>ITI</th>
<th>ITII</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>6.46</td>
<td>18.01</td>
</tr>
<tr>
<td>2005</td>
<td>5.37</td>
<td>12.04</td>
</tr>
<tr>
<td>2006</td>
<td>5.09</td>
<td>10.25</td>
</tr>
<tr>
<td>2007</td>
<td>6.50</td>
<td>23.09</td>
</tr>
<tr>
<td>2008</td>
<td>8.88</td>
<td>29.15</td>
</tr>
<tr>
<td>2009</td>
<td>5.61</td>
<td>18.90</td>
</tr>
<tr>
<td>2010</td>
<td>5.66</td>
<td>23.81</td>
</tr>
<tr>
<td>2011</td>
<td>5.87</td>
<td>11.19</td>
</tr>
</tbody>
</table>

The most significant quantification to date has been that done by Aponte-Garcia, with relation to trade flows. Her methodology takes into account the ‘productive chains’ that GNEs are intended to organize and stimulate, proxied by disaggregated trade flows into Broad Economic Category classifications, which can be roughly mapped onto the primary sector of each GNE.

She finds that the increase in trade from the pre-ALBA-TCP period (1998-2004) to the post-ALBA-TCP period (2005-2011) amounted to 42%: trade between the ALBA-TCP members increased from 6.4798 billion of US dollars (1998-2004) to 9.1937 billion (2005-2011). The aggregation of the overall GDP expansion in the ALBA-TCP period accounts for over 99% of the overall ALBA-TCP economy. Her analysis yields that GDP expanded 38% for 2005-2011, which is lower than the expansion in trade. Aponte-Garcia’s data actually helps counter the assumption that ALBA is an inherently oil-based development organisation. The fields of action where exports increased the most were in fact foodstuffs and agriculture. A 2009 study of the new Venezuelan food and agricultural system following the
implementation of the ALBA-ALIMENTOS (food) GNE declared Venezuela self-sufficient in its two most important grains, corn and rice, with production increases of 132 and 71 per cent respectively since 1998. Production increases were equally seen in black beans (143 per cent), root vegetables (115 per cent) and sunflowers for cooking-oil production (125 per cent). We must nevertheless be wary of the fact that Venezuela has also undertaken a degree of land reform independently of GNE activity during this time. All in all, the highest growth rates (not absolute volumes) were seen in health & medicine due to GNE activity related to access to medicines (see: Figure e.)

Figure e.

*Intra-ALBA Trade (exports) according to Category of GNE and GNP (USD *k*)*

Aponte-Garcia concludes her analysis by suggesting that intra-ALBA trade and production structured around GNEs and GNPs could indeed serve as an alternative model to structure governance of regional production chains.
A final quantification has been compiled by Califano relating to foreign direct investment. The key finding is that there is increased control over natural resources, but particularly so in Bolivia. Indeed, especially when compared to neighbouring countries (e.g. Chile, Peru, Colombia), ALBA countries “have succeeded in increasing the proportion of surplus profits retained in their national economies against that part captured by international capital. This marks a shift in recovering sovereignty over national resources”\textsuperscript{xiv}. This is a starkly different picture to the themes surrounding the Cochabamba riots described earlier in this paper.
VI. Conclusion

This analysis has sought to assess the conditions, propositions and recent outcomes behind ALBA’s key development implementation systems, the Grand National Enterprises. My assessment has confirmed that while GNEs are indeed tools of economic development, they are politically orchestrated, in most case for social ends. More importantly, like the ideological macrosom that encircles them, they are rapidly evolving mechanisms that can clearly prove adaptive to contextual change. The relative strength of the leftist political cloud that has encircled their operation has allowed GNEs to prove resilient in face of the global capitalist superstructure that still exists outside.

That being said, several outstanding operational factors, both internal and external, should be addressed to ensure the GNEs’ continued success in yielding macroeconomic outcomes.

*Internally*, within each GNE:

1. ALBA should streamline its GNE operations, both of decision-making and of delivery. Current operating structures feature extremely hierarchical and sometimes unclear reporting lines, causing delays and repetition of processes. To this end, it may be worth assessing the value of having such a high degree of centralisation in the approval process on the Venezuelan end, and whether it is possible to delegate action without necessarily devolving power. While red tape must be cut, so there must be a continual effort to find efficiencies across the value chain. An improvement in logistics performance, for example, could facilitate the vertical integration of GNEs, increase opportunities for the participation of more SMEs in exports, and strengthen the degree of connectivity within the region and with the broader economy. Currently, ALBA countries perform badly in terms of their logistical integration (see Figure g.).

2. ALBA should do the utmost to ensure GNEs are transparent. The absence of publicly available monitoring or evaluation data on most projects could hamper the desired social or economic impact, and hinder a project’s efficient replicability elsewhere. A lack of GNE transparency in Nicaragua (see: ALBANISIA and FENACOOP) is negative for internal but also eventually external credibility.

3. ALBA should do the utmost to ensure the fiscal sustainability of the Bolivarian project, by pressure-testing the degree of debt sustainability in its borrowing countries.

4. ALBA should continue to, or enhance, its efforts to garner political support at the domestic level of its member states. While the exit of Honduras came soon enough to not prove detrimental, the financial (and ideological) commitments developed since then to a great extent imply ‘going
big, or going home’. Favourable positioning of domestic actors remains a crucial factor in the design of integration processes\textsuperscript{lxvii}.

Figure g.

*Logistics and economic performance: partial correlations (2012)*\textsuperscript{lxviii}

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**Externally**, as part of broader systems of action:

1. ALBA should do the utmost to ensure GNEs remain credible to stakeholders beyond the TCP. This may include the increased attachment of legally-binding obligations to the activity that surrounds them (currently, “the principles opposing the transnational companies […] are included in a declarative and not binding document, while the Grand-National Enterprises, on the contrary, have a juridical stability doomed to last independently from political interstates relationships, […] it may happen that in the future the Grand- National Enterprises may lose their principled nature”\textsuperscript{lxix}).

2. ALBA should safeguard against the external effects of its overreliance on Venezuelan financing and Cuban human resource capabilities. An overexposure to states facing the amount of uncertainty these governments currently face is, now more than ever, exceedingly risky. Maduro, in Venezuela, has to date failed to turn around Venezuela’s macroeconomy. This was largely manifested in parliamentary elections on December 6\textsuperscript{th}, where the fifteen-year grip of Chavism was for the first time most seriously damaged. Venezuela is the ALBA GNEs’ paymaster, but can only remain so if it can very quickly tackle hyperinflation, soaring prices, a mass unavailability of goods, and shake off any vulnerability to commodity price drops – all factors which have chronically, and increasingly, plagued Maduro since the post-Chavez transition. In parallel, Castro, in Cuba, faces an unprecedented ‘reopening’ to market economic
systems. This has large implications, both economically (in terms of developing Cuba’s new competitiveness strategy) and ideologically (as it prepares to enter a world of more liberal flows of goods, people, and finance). Most importantly, neither Maduro nor Castro have been able to fill the gaping leadership hole left by Chavez – it may be time, therefore, to look to smaller-state leaders like Bolivia’s Morales, or Ecuador’s Correa, to prove to the world that the ‘pink tide’ development model still has validity within a Latin American context gradually turning rightwards\textsuperscript{1}.

\textsuperscript{1} See also: election of Macri in Argentina; impeachment proceedings against Rousseff in Brazil; Pena Nieto’s market-friendly oil reforms in Mexico
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