

## Which Way Venezuela?

Michael Albert

Venezuela's Bolivarian Revolution is exciting and exemplary, yet few people know much about where Venezuela is headed.

Misrepresentations abound. Data is limited and people interpret it in quite contrary ways. Information deficit plus skewed interpretations cause many people who ought to support the Bolivarian Revolution to instead doubt or even reject it. Useful lessons from Venezuela go largely unreported and thus have less than their widest possible effect.

Hugo Chavez became President in 1999 and in that year, largely due to the ravages of neoliberal reforms in the 80s and 90s, the Venezuelan poverty rate had reached 50%. The aim and promise of Chavez and the Bolivarian Revolution was to not only eliminate rampant, raging, poverty, but to attain a new economic and social system consistent with the highest standards of human fulfillment and development.

In the 1999 constitution, Article 299, for example, emphasizes "human development" as the cornerstone of social judgements and Article 70 states that the "involvement of people in the exercise of their social and economic affairs should be manifest through citizen service organs, self-management, co-management, cooperatives in all forms, community enterprises, as well as other kinds of associations guided by the values of mutual cooperation and solidarity."

But, as many skeptics would point out, words are not deeds, and it is not that difficult to find nice words everywhere - including, say, in the constitutions of countries suffering dictatorship and economic and social injustice, as but one example, in the constitution and other literary organs of the Soviet Union under Stalin.

Words matter some, but they become infinitely more important and reliable as evidence if there are deeds in their support and particularly if institutional relations breathe life into the words everyday.

According to Venezuelan statistics, "unemployment has decreased from 14.7% in 1999 to 7.9% in 2008. Employment in the informal sector has decreased by 6.4% during that same time. The number of people living in poverty has decreased from 50.4% in 1998 to 33.6% in 2007 and the number of those living in extreme poverty has decreased from 20.3% to 9.6% in that same period. The Human Development Index (HDI) increased from 0.72 in 1998 to 0.8 in 2007, and during that time, the GINI coefficient (a measure of economic inequality) decreased from 0.49 to 0.42.5."

These changes, and many more statistical indices that could be offered suggest that there have been monumentally important improvements in the lives of many Venezuelans. But are those improvements a sign of a revolution going down a path that will lead to worthy ends including classlessness, social justice, etc.? Or are the improvements a sign of a corrupt and rotten version of familiar social structures having some of their most egregious excesses reigned back, but with no likelihood for fundamental change? Or are the improvements a marker of revolutionary change that will wind up in rotten results?

Why is it that some people see an unfolding revolution that they feel will wind up creating a new society in Venezuela and a beacon for humanity more widely? Yet other people see an unfolding struggle within existing relations, already causing some very wonderful and worthy gains, but going nowhere much beyond that? And other people see a process that is doing nice things at the moment, but which they believe is going to inexorably devolve into familiar authoritarian outcomes that will, in retrospect, compromise it all?

Is it that some people have more information to go on? Is it that there is enough information for all, but some read it one way—and others read it another way due to prior expectations or greater insight? Or is it that the information is vague, and all tend to read into it based on whether hope or fear is momentarily most active in people's consciousnesses?

According to the Superintendence of Cooperatives (SUNACOO), in Venezuela, there were 910 cooperatives nationwide in 1999, while by the end of 2007, that number had risen to 228,004. According to SUNACOO, the cooperative sector in Venezuela now represents about 14% of Venezuela's GDP, and accounts for about 18% of employment in Venezuela. Most of the cooperatives fall under the service sector (61.29%) and the production sector (27%).

But what do these facts tell? No one could deny that they reveal an incredible dynamism. But about ultimate aims... people will have different reactions.

In one reading, the facts noted indicate that the reform effort to make life better for the poor against the mega rich has utilized coops—a good thing. But in this reading, these facts are not the stuff of revolutionary transformation.

In another reading, the facts noted indicate that Venezuela is on the road to fundamentally transformed economic structures—a true revolution. More, folks with this reading see a revolution not just concerning property relations, but also concerning the division of labor and methods of decision making and remuneration. They see that in a world situation complicated by both a lack of revolutionary aspirations in much of the Venezuelan population and a hostile international context, the Bolivarian process is taking critical steps on the road to profound and worthy revolutionary changes which still are, however, not the immediate possibility.

In a third read, these facts show only that in Venezuela there is an appeal to poor constituencies—and while the associated reforms are good in their proximate implications for those constituencies, they are part of fundamental changes which lead in ultimately bad directions along paths people have seen revolutions travel before. Chavez says the Bolivarian goal isn't twentieth century socialism all over again—but doubters say, sure, what did you expect Chavez to say? Where's the evidence?

How does one know which read makes most sense, or even have a truly informed estimate? One must know Venezuela's long term goals and methods as evidenced by structural lasting deeds.

A report available from Venezuela points out that : "The rise of cooperatives began in 2001, with the Special Law of Cooperative Associations." It emphasizes the importance of the State in "promoting cooperatives through various mechanisms including education, improved access to financial services, direct tax

exemption and the prioritization of cooperatives in public contracting" (Article 89). In fact, Venezuelan sources report, "economic growth accelerated in the year 2003 as a result of the implementation of these mechanisms through various state agencies."

For example, one of the most important programs in this regard was the creation of the *Vuelvan Caras* Mission in early 2004. In its own self description, "this state-run program offers both technical education, such as classes in agriculture, tourism or construction, and orientation as to what the Bolivarian economic projects are about." Rather incredibly, "between March 2004 and August 2007, over 670,000 people completed the program, resulting in the creation of more than 10,000 cooperatives by its alumni, more than 3,000 of which pertain to the agricultural sector."

Different people see the events in Venezuela differently—but what is missing to decide with real confidence is more information about what the goals are, about the extent to which the goals are widely shared and owned by leaders or by everyone, and what the methods are and how they connect up to the goals.

"Vuelvan Caras" is one of 25 "social missions," or state-sponsored social development programs, currently operating in Venezuela "in diverse fields of human development such as education, health, culture and nutrition. They are a fundamental part of Venezuela's policy of redistributing wealth and making basic social services accessible to all citizens. Studies have found that the social missions contributed to a 9.9% decrease in the poverty rate since 2003."

In September 2007, "Vuelvan Caras" continued under its new name, "Che Guevara," to emphasize the incorporation of new elements into its educational plan. "This new plan aims to educate students about the distinctive socio-economic models that have been evolving over time, including, for example, the Social Production Enterprise (EPS) which is model that has developed in Venezuela within the last few years." These EPSs are defined by the government as "economic entities dedicated to the production of goods or services in which work has its proper and authentic value, with no discrimination associated with any type of work, no privileges related to certain positions or hierarchies and with equality between its members, based on participative planning."

That certainly sounds very good—as words. But what about associated deeds? Are there really units being constructed that involve all actors in planning and decision making and that have real equality of material and social circumstance among members, including equitable remuneration? If there are, what is the make up of these units? What features do they have? What is the plan for those features to become core to the whole economy?

Venezuelans report—though almost no one outside hears the words much less critically engages with them—that "in practical terms, Social Production Enterprises represent an advanced cooperative model, where part of profits are invested into community projects."

Profits? How advanced is it as a real model for a better future, if there are still profits, albeit some enlightenment in their use? "Today, there are at least 3,060 Social Production Enterprises in Venezuela, representing about 30% of the supplier contract value with state enterprises." If these are all internally on a path to classlessness, this is major news, to say the least. If these units are modestly

improving internal and broader social relations with nice social policies, it is very good very good news, but unstable and short of revolutionary. If they are on the path to authoritarianism, then there are nice aspects, but no hope for a truly enlightened future. So which is it? Limited reform, careful but innovative and hopeful revolution, or careful but familiar and not too hopeful revolution?

### **OIL AND VENEZUELA**

PDVSA, Venezuela's state-owned oil company, "has taken a lead role in bringing about the move towards a new socio-economic model. 10% of the investment volume of every project carried out by PDVSA goes into a social fund that is used for projects in education, health, infrastructure or the social missions."

This is a good policy, of course, but if Mobil in the U.S. did the same, under pressure or due to a very innovative administration, what would that mean? It would be good, but how good? The answer would depend on whether it was just a temporary policy or a step on a revolutionary path—and on where that path was going.

PDVSA, "is supporting endo-genous (or inward-focused) development in Venezuela. By working hand in hand with the private sector, they plan to invest \$56 million in 6 large development projects until the year 2013."

Private sector? And will that persist? And if so, will it eventually bring back all the old crap?

In Venezuela, gas for autos and other vehicles is subsidized.

In 2004, "PDVSA's national contracts were valued at \$6 billion. Of this amount, 80% was concentrated in the hands of 148 firms. In accordance with the concept of participatory democracy in Venezuela, PDVSA made it a priority to democratize its supplier base, meaning that it opened up to the many small cooperatives prevalent throughout the country. This way, the state oil company fostered an endogenous model of development that is in line with Venezuela's social values. By December 2007, PDVSA's supplier network included more than 3,000 Social Production Enterprises."

But, really, is this about fundamentally transforming the basic underlying structures of the economy –its property relations, division of labor, its modes of decision making, norms of remuneration, methods of allocation—or is it only about ameliorating the most egregious injustices while retaining old structures?

The fact that in their words, PDVSA "developed an extensive program around the inclusion of EPS, having hundreds of people work on the identification of supplier opportunities, a standardized EPS registration system, and an educational program aiming at strengthening social production enterprises and preparing them to do business with PDVSA and other government entities" is undeniably a massive social experiment that is at least, unto itself, extremely progressive. But is it more?

In its "EPS School," the potential suppliers "pass through three phases of socio-economic and technical education, receiving up to 760 hours of preparation, depending on the sophistication of the service to be provided."

But is this education about the techniques of oil provision mostly, or does it have a social and structural component building consciousness headed toward new social relations? And if the latter is true, what are the features and what success and problems are encountered?

"Once an EPS has a contract with PDVSA, it commits itself to contributing about 3% of profits to PDVSA's Social Fund, which currently holds millions of dollars being invested in community projects."

Venezuelans quote from graduates of the EPS programs to demonstrate their impact :

"Today a dream is coming true for us. In the past, doing business with PDVSA was the privilege of a few large enterprises. Small companies found closed doors at PDVSA. This changed with President Chavez...now it's the first time that small businesses are given the chance to participate as suppliers and partners of PDVSA, contributing in this way to the socio-economic development of our country....and we are feeling proud of this."

Here is another bit of news from Venezuela—"Beyond the Social Production Enterprises, many other new socio-economic concepts have evolved in recent years, such as the "Nuclei of Endogenous Development" (NUDES)." How many people outside Venezuela had heard of that? Not many.

"In Venezuela NUDES are formed when communities discover potential projects, linked to a physical space in their surroundings (installations, factories, land) and organize in and around this space to carry these projects out. For example, various cooperatives might join to reactivate the area of an abandoned factory, reviving in this way a whole neighborhood and linking the inhabitants of this area to the activities of the NUDE, such as in the case of the Nucleus Fabricio Ojeda."

Again, one can imagine these efforts existing as a broad social democratic effort to improve the distribution of income, engender participation, etc., while maintaining the basic structure of society. Or one can imagine them to be part of a movement and process that will wind up in the old style socialist swamp. Or one can imagine them as a part of a rich and diverse process seeking something entirely new, true classlessness, real participation, even self management.

To judge which picture is real depends on knowing what is said, day to day, back and forth, by the people involved. Are the changes seen as tributaries of a growing tide - or are they seen as the whole point, themselves? Is the process coming ever more under the control of the populace, or is it centralizing outside the purview and influence of the populace?

"Today one can find more than 100 NUDES in Venezuela including more than 950 cooperatives active in various fields and especially in agriculture."

Again, it is very clearly a vast and exciting social and economic project with extremely progressive implications. That much is certain. But beyond that, people still don't know.

"Social Production Networks are formed when a Nucleus connects with other Nuclei, or with co-operatives, EPS's, Socialist Production Units or any form of alternative organization to carry out activities for the benefit of the community."

One person sees in this New Deal innovation and dynamism. Another person sees in it positive programs which, however, will sooner or later be compromised by elite rule. A third person—sees an incredibly rich pattern of innovation which seems to auger truly revolutionary aims.

Another innovative feature of the Bolivarian project—or revolution—are the Socialist Production Units. These "are companies run by the government and

marked by extensive community involvement. UPS's are found predominantly in the agricultural sector, and they promote national agricultural sovereignty. Part of the profits of these companies is invested into community projects, which are identified jointly with local community leaders. In the long term, UPS's will ideally be handed over directly to the community and run as community enterprises."

Profit? Maybe it is just a word, referring to something other than surpluses accruing to private owners. And what of the internal organization of the "socialist" structures. Are they internally like the 20th century firms of Russia, say, or do they offer something new, or headed toward something new, at least? And if there is originality, what shape does it take? Does it address the division of labor? The norms of remuneration? The modes of decision making? The allocation relations to other firms and consumers?

The UPS Agrimiro Gabaldon which was "formerly a privately-run coffee plantation" was "forced to close down due to a drop in coffee prices," but "was recently inaugurated as a Socialist Production Unit." The report says that "under the new model, it extended its coffee cultivation area from 35 hectares to 96 hectares in the year 2005, and began selling its output mainly to public entities."

But did the plantation also alter its internal division of labor? Is it becoming democratic or even self-managing? Is it becoming equitable in its approach to wages? Does it compete with other firms—or cooperate?

"Thanks to the creation of these NUDES, Socialist Production Units, and Social Production Networks, an important number of neglected sites and companies have been revived, providing new jobs and linking local economies to local communities to carry out infrastructure and social projects."

In other words, the changes are occurring in firms and neighborhoods where things are virtually falling apart. Is this a wise strategic/tactical way to begin innovations, to make them seen, to develop support for them, and then to spread them? Or is it a kind of emergency method for dealing with horrendous problems, to be transcended later, by settling for more familiar and less innovative and participatory options when the worst problems are left behind?

### **Barter Trade**

"In order to strengthen regional economies and make them less vulnerable to financial crisis, the government of Venezuela has actively supported the rise of barter system and the creation of communal currencies throughout Venezuela. Currently, about 4,000 people practice bartering in 6 different regions in Venezuela (Yaracuy, Falc? Sucre, Nueva Esparta, Margarita, Barinas, Trujillo). Each has its own local currency. Agricultural products are mainly available for barter trade, and the practice fosters local agriculture."

This reveals that indeed some changes are stopgap and instituted only to deal with problems that wouldn't be present in a transformed future. Other changes, however, may be part of that future.

"Communal Banks were developed hand in hand with Communal Councils, or elected neighborhood-based councils. Communal Councils oversee local politics and execute development projects geared toward improving the socio-economic status of their communities. The concept of Communal Councils is grounded in the Law of Communal Councils, which was passed in April 2006."

Is this a method for getting out of poverty with support from the population—or even beyond that is it the beginning of structures of local grassroots self management that will eventually override the apparatus of mayors, governors, president, etc.?

Communal Banks "are the financial arm of the Communal Councils. They are constituted as cooperatives and administered democratically by five persons elected to the Citizens' Assembly, which is the highest decision-making body of the Communal Councils. Communal Banks facilitate the flow of resources toward community development projects."

Is this an example of doing some good things with old structures? Or is it a step away from old structures and toward overcoming market logic and behavior, having investments and production and consumption determined by cooperative negotiations among producers and consumers?

### **A NEW TYPE OF ECONOMY AND POLITY?**

"According to the Ministry of Popular Power for Participation and Social Development, there were 19,500 Communal Councils in Venezuela by March 2007, and the majority of them received funding from various ministries and state institutions."

Some would say local councils—venues for neighborhood folks to be politically involved—are little more than means for the government to poll a passive populace.

Others would say it is even worse, they are the infrastructure of state intervention and oversight of daily life, via snitches and the like.

Others would suggest, that these local structures are the beginning of an effort to build a completely new type of political system—for legislation, adjudication, and also, as per above, for implementation of shared programs.

"By March 2008, the Ministry of Popular Power for the Communal Economy alone has approved more than \$400 million to be handed over to 2,540 Communal Banks for productive projects. 1,533 of these banks have already received the whole amount assigned to them, and another 833 received part of the amount. With this money, 21,277 micro-credits were allotted to cooperatives and individual entrepreneurs. Most is used for projects in the service industry, or in commerce or agriculture."

"By the end of this year, FONDEMI (the Microfinance Development Fund) plans to finance 3,000 more Communal Banks, distributing yet another \$420 million for productive projects."

This is clearly also very progressive, but will it lead to a temporarily enlightened and certainly better developed Venezuela which is still, however, fundamentally capitalist, patriarchal, etc.? Or will it yield a Venezuela that is socialist in the old manner—the 20th century style? Or will it yield, as Chavez urges, something new, a classless and socially just society?

### **21ST CENTURY SOCIALISM?**

Hugo Chavez says, he wants to build twenty-first century socialism. He often decries market relations. He regularly excoriates capitalism. His innovative approaches to popular political and economic decision making via councils and his prioritization of radicalized health, education, and other human services via innovative public missions, inspire great hope. But beyond Bolivarian claims and

short term policies, where is the Bolivarian Revolution structurally going? What are its main institutional goals and timetables? What are the methods it is employing and will employ to attain its ends? These are questions a lot of people need answers to if they are to have solid attitudes about Venezuela.

By self-description Hugo Chavez is aggressively anti-capitalist, but what does that mean?

Regarding economics, for example, does the Bolivarian revolution reject private ownership of the means of production? Verbally it says it does, and likewise in many innovative structures - but what about the bulk of the economy?

Does the Bolivarian revolution reject markets? Again, verbally, yes. More, internationally, it seems to already often conduct trade and international aid by cooperative negotiation that ignores competitive market dictates. This is wildly hopeful, not just for solidarity in Latin America, but as a challenge to the entire system of market exchange. But is there a path for transcending market relations writ large?

Does the Bolivarian revolution, as an aim, to be attained when able in light of growing consciousness and means, reject capitalistic remuneration such as people getting profit on property, or getting wages for bargaining power or even for output?

Put differently, if the Bolivarian Revolution is for twenty-first century socialism, what that means? What is it about the old twentieth century socialism, for example, that Chavez and the Bolivarian revolution rejects? Is it central planning such as people saw in the Soviet Union? Is it markets such as people saw in Yugoslavia? Is it the typical 20th century socialist division of labor as people have seen it in Russia, Yugoslavia, and China, which is essentially the same as the division of labor one sees in capitalism? Is it the norms of remuneration these socialisms have employed, which while they have jettisoned profit for property have retained payment for power and output?

Similarly, in whatever ways Chavez disagrees with "twentieth century socialism," what does he propose to construct in Venezuela instead? And more, beyond the President, to what extent do other Venezuelans have similar aspirations? To what extent will other Venezuelans, especially at the grassroots, help define outcomes and attain them?

All these issues demand serious attention and answers because they have international significance. □□□