

Straight Talk (3), August 2011:

## Inspirations from Venezuela

*Prepared by Herbert Jauch for the Villager newspaper*

Since our independence which was achieved shortly after the collapse of the Soviet Union and its version of “socialism”, we have been told that following market principles was the only way to develop a country. Despite following this “advice” (mostly from the Western World) Namibia - like the rest of Africa - have hardly seen the benefits. The levels of income inequality and poverty have remained unacceptably high. However, there are countries who realised that the market-driven, neo-liberal development paradigm needs to be abandoned if we want to build a more equal and inclusive society. Venezuela provides one of the most inspiring examples of redistribution and participatory democracy in recent years.

The changes that occurred since President Hugo Chavez’s “Bolivarian” party (later reconstituted as the United Socialist Party of Venezuela) won the country’s national elections at the end of 1998 bears testimony to the possibilities that exist even when confronted with a hostile global environment. Chavez’ party promised to change the political, economic and social landscape through a programme of redistribution and social justice. Until that time, Venezuela had followed the typical free-market policies as promoted by the US administration, the International Monetary Fund and the World Bank. As a result, Venezuela was characterised by severe apartheid-style social divisions between the affluent elite on the one hand and the working class on the other. Therefore, one of the first steps taken by the Chavez government was to embark on a series of radical reforms regarding social service provision, for example, access to housing, education and health care.

The resources needed for these social programmes were derived from the sale of the country’s oil. The national oil company, several large manufacturing companies and much of Venezuela’s farmland already belonged to the state by the time the Chavez government was elected. What changed was how these resources were utilised to benefit the poor. The royalty fees payable by private oil companies were increased from 1% to 16% and an extraction tax was introduced, earning the country around US\$ 10 billion between 2004 and 2007. These resources were used for extensive, health, housing and education programmes, locally known as “missions”. Quality health care and education are now free across the country, supported by Cuban medical staff.

Venezuela’s achievements are reflected in impressive statistics showing, for example, how access to university education was broadened for students from poor families, how health services were made accessible, etc. Since 1999, access to potable water increased from 70% to 95% of the population; minimum wages were raised to the highest level in Latin America and poverty levels dropped significantly. Venezuela’s unemployment was reduced to its lowest level in decades while the rate of poverty fell from 50% to around 26% with households affected by extreme poverty falling from 25% to 7%. These are just some of the figures that

show how Venezuela managed to significantly improve standards of living of the poor within the last 12 years.

The initially moderate economic programme of the Chavez government started changing in 2005 due to pressure “from below”. Former workers at a paper mill that had been declared bankrupt and closed by its owners decided to occupy the mill and re-opened it with the support of the local community. Venezuela’s parliamentarians then passed a law allowing for the expropriation of the mill and to let it operate under democratic workers management. Since then, workers started seizing other companies that had closed down. A worker and community-led movement for the “recovery” of companies was born and today over 800 companies are run by workers themselves, producing for local needs. In addition, some private companies in strategic economic sectors like oil and cement production were nationalised.

“Community councils” were established across the country with the stated aim of direct, grassroots empowerment. These councils are neighbourhood organisations comprising of 200 – 400 families in urban areas and at least 20 families in rural areas. All council decisions are taken in “citizens’ assemblies” attended by residents who are 15 years and older. These assemblies elect their council executive committee, financial management and monitoring committees as well as thematic committees dealing with particular local priorities such as health, education, land, recreation etc. The elected spokespersons serve for 2 years but can be recalled at any time by the citizens’ assembly. This helps the community to hold their spokespersons accountable.

The community councils are a form of direct democracy and decision-making power at grassroots level and about 70% of Venezuela’s population is now organised in such councils. They can receive funds directly from the national, state or city governments or through fundraising and donations. This is facilitated through communal banks, which the councils set up as co-operatives. For the past few years, the national government channelled annually between US\$ 800 million and US\$ 1,5 billion to the thousands of communal banks that the councils established. In turn, the communal banks provided grants for community projects and have already funded thousands of projects such as street pavings, housing for shack dwellers (who exchange a shack for a flat in a newly build block), medical centres, housing or sewage schemes etc.

These few examples from Venezuela show that it is possible to redistribute resources and to improve the lives of the poor within a few years. This can be done in Namibia and other African countries as well. What is required is a concrete vision and determination to build a new, more egalitarian society, coupled with grassroots participation, pressure “from below” and the political will to break with the free-market dogma that only benefits the rich and powerful.

***Herbert Jauch is a labour researcher and educator, based in Windhoek.***