

Center for Democracy
— IN THE —
AMERICAS



**Venezuela Research Trip
Center for Democracy in the Americas
July 31, 2008 – August 5, 2008**

Introduction

The Center for Democracy in the Americas (CDA) is devoted to changing US policy toward the countries of the Americas by basing our relations on respect, and it fosters dialogue particularly with those governments and movements in the region with which US policy is at odds.

Consistent with this mission, CDA has been taking delegations to Venezuela since early 2006 to help US policy makers understand the political dynamics in the country, and to learn whether US policy toward Venezuela is effective or requires reform. We have also looked for opportunities to create a positive discourse between leaders in Venezuela and the United States, and studied efforts by the Chavez government to provide social welfare and increase political power for Venezuela's poor.

From July 31 to August 5, the Center led a research delegation to Venezuela that focused on social developments in Lara State and the political climate in Caracas in the months leading up to the November 23rd 2008 elections.

Outside Caracas, we focused on how "community councils," an experiment in participatory democracy, were being used to change the provision of municipal services. In meetings held throughout Torres Municipality, the delegation met with average citizens, local officials, and political activists, those implementing and those benefiting from the community council concept.

In the capital, we met with Venezuela's Finance Minister, the nation's leading oil expert, an advisor to the foreign ministry, an opposition political leader, and individuals from academics, journalism, and public health.

This report on our trip has two sections:

- Highlights
- Notes from our on-the-record meetings.

Venezuela is a large and complicated country. This report does not attempt to generalize permanent principles from a brief trip, but it does offer findings based on what we heard and learned in candid and useful conversations.

Highlights

1. The community council project appears to be taking hold in Lara State.

Mayor Julio Chavez of Torres Municipality is putting into practice the state's commitment to shifting governance to a form of participatory democracy referred to as community councils. In his administration, the mayor controls the operational budget (basic services, municipal employment), but gives over 100% of what he calls the "investment budget" to seventeen parish councils. This enables community input to drive investment decisions. Our interviews with the Mayor and his aides provide useful detail on how these councils are replacing traditional decisions by government on priorities such as housing determined by the citizens themselves.

2. State funds and benefits reach the base.

Critics of Venezuela's government question whether oil revenues that are meant for social programs actually reach the intended recipients. Other NGOs have raised credible questions in this area. Charges have been made, inside and outside the country, about corruption.

On our visits to projects across the township, we saw significant evidence of state resources reaching the community, and our interviews with citizens in the area confirmed this view. We visited an agriculture cooperative that also gave participants opportunities for personal ownership of projects, such as a chicken farm. We saw examples in several communities of infrastructure improvements: housing built by sweat equity that started with provisions by the state of building materials, community basketball courts, and greater access to education.

In our conversation with the Pan-American Health Organization representative, we learned that Venezuela more than doubled its primary health care coverage in approximately six months due in large part to the presence of Cuban doctors in the country.

3. One feature of the Chavez revolution, communications, is active and effective in Lara State.

Communication and political education are very much a part of this project. Mayor Chavez hosts a twice-weekly call-in radio program. His municipality publishes a glossy magazine that features stories about various successful investment projects. Students at a Mission Sucre school were informed about political developments in the US. Community activists, one month before the federal take-over of Fannie Mae and Freddie Mac, talked about the financial problems besetting these institutions as emblems of the crisis in global capitalism. This example alone is a reminder of the daunting challenges facing public diplomacy in the United States.

4. The foreign policy dimensions of the Chavez presidency, which alarm the US, produce practical results in Lara State.

A feature of the Chavez presidency, close diplomatic relationships with global regimes at odds with the US, is viewed in our country as a foreign policy challenge to the US. In Lara State, however, it is producing practical economic results.

Iran, China, Belarus, North Korea, Libya, and Bolivia are all cooperating on projects with the local government aimed at stimulating jobs and economic activity. The Mayor told us that Iran, for example, is building a cement plant, an industrial plant, and a milk plant in Torres.

5. The community council experiment is hard to replicate.

Mayor Chavez has made unique progress on the community council model in his community. The model has not proven to be replicable in other places in Venezuela. He told the delegation that the obstacle is that other mayors do not want to give up their power over budgets and spending. He was not optimistic about being able to spread usage of this model in other municipalities once he leaves office.

6. Economic conditions will play an important role in the election outcome.

The delegation was able to meet with Venezuela's finance minister. Their economy remains troubled by inflation, scarcity, the lack of economic opportunity outside of the petroleum economy, and by threats to market confidence posed by nationalizations. [Since our trip, the price of oil has plunged from well over \$100 per bbl to below \$75 per bbl, a slide which poses problems for the state's budget and its social agenda.] The economy played an important role in the defeat of the constitutional reforms in 2007, and conditions now bear watching as the nation prepares to vote again for local and regional offices in November.

7. Venezuela's dependence on oil revenues is a critical issue.

The delegation met with a top advisor to President Chavez with influence on the nation's energy policy. We had a lively discussion about the accuracy of Venezuela's production figures, its actual level of exports, PDVSA's investments in maintenance, and the lack of skilled human resources in management positions. All of these issues are relevant to the nation's future ability to maintain production and fund its social agenda.

8. How you view Venezuela's democracy depends on where you sit.

Viewed from the perspective of Lara State, Venezuela's democracy is healthy and getting healthier. Citizens appreciate being drawn into the decision making that affects their lives at the local level – they are not only participants in the democracy but also beneficiaries of it.

A strikingly different view is given voice by the mayor of Chacao municipality, Leopoldo Lopez, who was knocked off the ballot and denied his right to run for mayor of Caracas, through operations of the state and its judiciary. Our interview with the mayor is a reminder of his case and his on-going commitment to democracy in Venezuela.

9. The upcoming regional and local elections taking place in Venezuela on November 23rd will be an important milestone for the internal politics of the country and US-Venezuela relations.

The defeat of the constitutional referendum in 2007 strengthened Venezuela's democracy, because the will of the people was respected and the president accepted the result, and it also

slowed the pace of President Chavez's political project. The results offered some indication that elements of Venezuela's political opposition were showing signs of life.

The elections in November will again measure the effectiveness of the opposition and will certainly influence what President Chavez decides to do and how he is perceived internationally. One foreign journalist predicted that Chavez will come into 2009 with "guns blazing," moving ahead on his political project after his defeat in 2007. The outcome will also be viewed in the context of successful referenda in Ecuador and Bolivia and start anew the debate about presidentialism and the strength of Latin America's progressive left.

Conversations

Johnny Murphy

Johnny Murphy, an aide to Mayor Julio Chavez, and a Tupamaro political activist, spoke to the delegation about the community council project in Torres and how it relates to recent Venezuelan political history.



“Anger at those who sell what I cannot buy”

Mr. Murphy started his narrative by describing the uprising that took place in Venezuela on February 26, 1989. Carlos Andres Perez was president. He may have wanted a controlled explosion to stand down the IMF. What he got, instead, was popular anger at the political leadership, and “anger at those who sell what I cannot buy”. He estimates that 5,000 were killed in the uprising.

This incident put opposition to neo-liberalism on Venezuela’s national agenda. He said it was also a milestone in the disintegration of AD (Acción Democrática) and COPEI (Comité de Organización Política Electoral Independiente) and a transformation of the national debate toward reform.

He then covered the period of the coup, the 1993 election, and the decision by Caldera to sign an IMF agreement. This triggers social explosions in small towns. These developments persuaded Chavez to develop a Bolivarian campaign and an alliance between military and civilian actors.

In 1998, Chavez wins office. His enactment of 21 laws in December 2001, including agriculture reform and land reform, are of great symbolic importance; for the first time the state is seen defending the interests of the non-rich.

In describing what is occurring in the municipality of Torres, Johnny talked about four important “constituent moments.” These were not the work of “delegates” but the work of the people:

- 1) The municipal constituent assembly which produced ordinances that formed the “scaffolding” for the program that followed.
- 2) The move by Mayor Chavez to provide for “participatory budgeting,” where 100% of the municipality’s investment budget is allocated by the community councils.

- 3) In seventeen parishes in the municipality, community councils were formed to handle decisions. They have started 600 projects. There is no corruption. They still need to address problems like unemployment and housing shortages. But they are on their way.
- 4) Prospectively, there is the formation of communes made up of distinct community councils. The Mayor favors this idea, but Johnny is hesitant.

Meeting with aides to Mayor Julio Chavez

At a community center in Carora, the delegation met with Johnny Murphy; Gerardo Jayes (pictured below), Coordinator of the Civic Participation Office; and Nektarios Villa-Lobos, assistant to the Mayor.



Before, the community was ruled to benefit the oligarchy. It is now open for the benefit of the “humble people.”

Gerardo has worked on social movements for five years with Mayor Chavez and spent 27 years working as a community organizer in Los Arandes, a campesino community.

He talked about the process by which the community councils work. They get together and set goals. Their job as “Voceros” is to be at the service of their constituencies. Voceros, they stress, are people who are elected as spokesmen for, and not representatives of, the community. They take decisions made on the outside and move them to the inside to get funded and implemented. Training community members to participate is a lot easier than standing back and letting the people make the decisions for themselves. Now about thirty percent of the community is participating. It is the only way to have a hand in deciding where the investment money goes and they want to get majorities to participate.

This is a break from the past. Before, the community was ruled to benefit the oligarchy. It is now open for the benefit of the “humble people.”

This project is about changing more than the approach of government. They believe that as more people participate, their mentality under the structure of the colonial past will change as well. People will be in charge of their own development and decolonize the structures of colonial power.

We asked Gerardo whether Cuban political organizers are working in this process. He said that Cubans are in the missions – health and literacy – but not in the councils. There is no Cuban presence in the form of political organizers.

We asked about the goal of this project. Gerardo said that “we still have capitalist values. We are divided.” This is an instrument to advance toward socialism and to recover community solidarity. Under this system, people will take responsibility for solving their own problems.

Gerardo said that there are Voceros in the councils who are members of the political opposition. Some oppose Hugo Chavez but support Julio Chavez.

Nektarios talked to the delegation about the crisis facing global capitalism with the run-up in energy prices, scarcity and inflation in food, and instability in finance. He talked about how the problems of Fannie Mae and Freddie Mac symbolized how bad the situation had become. This conversation took place more than a month before the US government took over Fannie and Freddie.

Visit to agriculture cooperative funded by a community council



“I don’t rule here.”

The delegation drove by truck to an agriculture cooperative. The cooperative is supported by funds from the local community council. The structure is such that individuals working inside the cooperative can enjoy individual ownership opportunities. We met with Martin Parra, who sits on the finance section of his community council; it has five Voceros, and he was able to get money to start a chicken/egg operation.

In our discussion with Martin and his colleagues at the cooperative, there was more discussion about Voceros and the importance they place on understanding their roles as carrying out what the people want the councils to do. Martin said, “I don’t rule here,” the council and the people decide.

The delegation walked through parts of the cooperative. We saw buildings constructed by the community but paid for by the council; we saw new housing built by the residents who got funds for the materials from the council; we saw a basketball court constructed with council funds for the benefit of the residents.

Visit to Munoz

Leaving the cooperative, the delegation drove to the town of Muñoz to join an audience at the live broadcast of Mayor Julio Chavez's weekly radio show, Alo Alcalde. Following the radio show, we had lunch with the Mayor and members of his staff and his supporters.

Visit to Aleman



Aleman is a settlement in a remote rural area named for the German residents of the community whose families have lived and worked there for 400 years. We met with Taracio Gonzalez. Although not active politically, he is a member of his community council. He says that he has seen a lot of change in the area because the government is helping a lot. He mentioned specifically funds for the highway and water infrastructure.

He and his family make bricks and fine tiles. With the help of someone in Caracas, he is able to sell 50% of his output to international customers. Mr. Gonzalez expressed his admiration for the United States and said that the two places he would like to visit are America and Cuba.

Meeting with Mayor Chavez



Mayor Julio Chavez, who runs the municipality of Torres, has gone farther than any other locally elected official in implementing Venezuela's program of community councils.

The Mayor discussed Venezuela's foreign policy with the delegation. He said that the world had changed. We are living in an era of multi-polarity and pluralism, and there are different spheres of influence in the world. Venezuela has good relations with other countries except the United States. For historical and cultural reasons, they engage in regional initiatives that have a "Caribbean face," such as Mercosur, Telesur, Petro Caribe, and Petro Sur. These projects are efforts to create some space so people can coexist.

The Mayor discussed projects with nations from around the world that he is working on to improve the economy of his municipality. Iran has become a channel for exchange; they have a unique culture, and technology is something they can exchange. Mayor Chavez traveled to Tehran twice, and the Iranians are building a cement plant, an industrial plant, and a milk plant in his municipality.

He has also established a relationship with China. As we were meeting, a group of Carora citizens were in China for a week learning how to run an electronic assembly plant that will be built in Torres.

The Mayor discussed a project with Argentina as a partner. They are planning to build a refrigerator plant. This was set up with the help of PDVSA, Venezuela's state oil company.

Belarus has agreed to an investment and will build a tractor factory.

The Mayor also referred to Cuba and to partnership deals with China, North Korea, Libya, Bolivia, and Colombia.

He has no problems with countries that base their relations on mutual respect. But, he said, he does not want relations with the hegemonic bloc.

The Mayor said that beyond the speed of change at the local levels, there is a force transforming people's access to power: the community councils. Torres is the best example. He explained how money comes from the national government, and he gets a total of \$14 million to spend.

Half is spent on operational items at the municipal level, but fully 100% of the investment budget is allocated to community councils in seventeen parishes. He divides and distributes the money and people who are members of the councils make all the investment decisions. The parish councils are referred to as "customers" in the Mayor's presentation. He believes strongly that this new form of government is serving his people well.

The Mayor is leaving office and is running in the November 23rd elections to be a deputy the Lara State legislative council. The delegation asked the Mayor about his departure from his position and why Venezuela had not tried to replicate his successes nationally.

The Mayor spoke about how, as a deputy, he could talk to other deputies from municipalities across Lara, about the success of the community councils in Torres. But he conceded the difficulty in replicating what he had done elsewhere, because it involves taking away the power of mayors.

The Mayor discussed the loss of the constitutional referendum in December 2007. He said lessons from the loss of the referendum included: That it was done top-down, instead of bottom-up; there were add-ons by the National Assembly that made it more controversial and less likely to pass; there was a campaign of media attacks against the referendum that, by implication, were not answered; and there was a failure to fully mobilize supporters of Chavez. When people don't think that the president's power is at stake, they don't take it seriously.

Visit with students of Mision Sucre

Members of the delegation met with students at a Mision Sucre educational facility. They varied in age from teenagers to people in their sixties. They were studying subjects ranging from agricultural economics to politics and philosophy. Following the school session, a political rally was planned for a candidate from the area.

We walked into five classrooms and participated in a question and answer session in each. Questions included: what will happen in the upcoming US election; what do people in the United States think about the political project undertaken by President Chavez; why is poverty so persistent in the United States; what did we learn on our trip to Venezuela that we intend to discuss or bring back to the United States; what was our reaction to the deployment of the Fourth Fleet of the U.S. Navy to the Caribbean; and what do we think of socialism?

The encounter with the students was noteworthy for several reasons. No matter how hard they were working during the week, they were spending time on a weekend to study. They were informed about the United States. They were getting an ideological education along with the subjects they were studying. The students were consulting hand-outs in every classroom. This school was hundreds of miles from Caracas, and the money to run the classes on the weekend, the curriculum, etc., had made it all the way to the school.

Meeting with Ali Rodríguez, Ministerio del Poder Popular para la Economía y Finanzas



Ali Rodríguez, Venezuela's finance minister, has served his country as foreign minister, the head of PDVSA, and Venezuela's representative to OPEC. The delegation met with him just days after the government nationalized the Bank of Venezuela, the country's third largest bank.

The main problem facing Venezuela's economy, he said, is inflation. Demand is outstripping supply. Prices are going up and there is scarcity. Venezuela is also importing inflation from the world economy because it is so dependent on imports for meeting its needs.

On the problems facing the financial system, he said that the immediate issue is with structured notes backed by dollars. The government has ordered the banks to unwind their positions. These notes were acquired when the spread on the official exchange and parallel rates were higher than they are now, so the banks are facing huge losses. He predicted that the deadline for dealing with these notes would be kicked out by as much as six months depending on the terms of the notes.

On the nationalization of the Bank of Venezuela, he noted that the government was negotiating with the Santander Group. He discussed how Santander had planned to exit the market anyway, and was negotiating with a private bank, but that the government preferred going this route.

The Finance Minister, a long-time energy expert, blamed some of the run-up in energy prices on speculation in oil.

He talked about income inequality in Venezuela, how wealth was concentrated in the hands of the few, and that the challenge facing the state was to better distribute income in Venezuela.

Venezuela, he said, is turning its attention to boosting its agriculture production so it can ease shortages and reduce inflation. The Finance Minister focused on increasing rice and corn production. He conceded that this was a long-term problem and it would be difficult for Venezuela to control inflation this year.

One goal is to expand the domestic market in the country. He said that 93% of Venezuelans live in the cities and only 7% reside in rural areas. How to balance this? How to improve the productivity of the land, through better irrigation, better uses of energy, expanding the investment in science and technology?

The rice situation, he said, is improving. They have normally yielded 8 tons per hectare with their rice crops. They are focused on improving this to twelve tons per hectare.

The delegation asked whether Venezuela was receiving advice from any of the international financial institutions, and he didn't respond. He did say that Venezuela had some strong advantages, such as its hydrocarbon resources. He said the country needed to improve its tax collections, and that they were hoping to balance the national income 50/50, between oil and non-oil sources.

The Finance Minister is working on an economic plan for presentation to President Chavez. They will propose increasing production in certain key industries: steel, aluminum, and electricity production. They also plan to improve the quality of the financial system. But he then returned to the subject of inflation, saying it is the big problem facing the economy right now.

Meeting with Mayor Leopoldo López



Mayor Lopez before a campaign event in Caracas.

“Let the people decide.”

The delegation met with the Mayor of Chacao, Leopoldo Lopez, from the political party Un Nuevo Tiempo and a candidate for Mayor of Caracas. Lopez had been knocked off the ballot by a ruling from the Venezuelan Comptroller General and the decision was under appeal to Venezuela Supreme Court. Our interview took place just days before the court decision that would finally deprive Lopez of a place on the ballot.

We began the meeting by asking what is Plan “B”. Mayor Lopez responded, “Plan B is Plan A.”

He explained the background of the blacklist, how the government started with 400 candidates, it got winnowed down to 276, but that the real targets were four, himself included, who were the “best” candidates. He asserted here, and several times during the meeting, that his polling indicated that he was winning in Caracas by a two-to-one margin (60% to 30%), although others in Caracas dismissed this.

He then turned to the legal basis of his appeal to the courts: the wording of the constitution that defines the grounds for knocking a candidate off the ballot (tried, sentenced by a court, condemned), and the legal principle that a statute cannot contradict or supersede a constitutional provision or right.

The delegation asked – in light of these arguments – what the government’s case against him was. Although the Mayor did not directly answer this question, he did say the government should “let the people decide,” and not use or misuse the law and constitution to force him off the ballot.

Our meeting took place days before a delegation from the Mercosur Human Rights Commission was to visit Caracas, and the Mayor discussed the international human rights conventions which prohibited this action against his candidacy.

The Mayor discussed the approach of the opposition following the defeat of the constitutional referendum. We believe in change, he said, democratic change, which can only occur by building a democratic majority. We are not “opposition,” he said, “but an alternative.” They are running candidates in local, regional, and national offices to bring about that change.

He discussed his program as a candidate: he wants to transform Caracas from the murder capital of South America to the life capital. He talked about the importance of addressing poverty, inequality, gangs and human rights. He liked the idea of a renewed Alliance for Progress, with the US to help take on these problems. He said that Senator Barack Obama offered “a better option” for Latin America.

Meeting with Dr. Renato Gusmao, PAHO

Dr. Renato Gusmao, a malaria expert, represented the Pan American Health Organization (PAHO) in Venezuela through 2008. He talked to the delegation about Venezuela’s advances in health care.

President Chavez proposed an important and deep change in the political structure, different from how Venezuela had been governed for 50 years. Public health has an attractive message; health, per se, being healthy as a collective right, these changes and ideas are attractive to PAHO.

There are democratic leaders, who are not health specialists, who are distinctive because they are health leaders. They recognize health as a fundamental element of social development.

Venezuela, with its focus on primary health (and its deployment of Cuban doctors), is fulfilling something that PAHO had dreamed of in 1978 – he referred to a PAHO meeting in 1978 at Alma-Atta in the Soviet Union, when the organization issued a declaration that “All governments should formulate national policies, strategies and plans of action to launch and sustain primary health care as part of a comprehensive national health system and in coordination with other sectors.”¹

The Alma Atta declaration was a turning point in global health care thinking, he said. This was the time when health care was becoming a business, and this put at further risk primary health care systems which, at best, offered mediocre provisions for the poor.

Cuba, Costa Rica, and Chile are the three countries in the region with primary health care provisions for all their citizens, and these took (in some cases) decades to develop. Venezuela, under Chavez, he said, built their system in six months. At the outset, 35% of the population had some access to primary health care; in six months, they moved to covering 74%.

Venezuelan communities absorbed the Cuban doctors easily, and there is good interaction between them, because the care is offered on the basis of need, not on the basis of a business model. Mision Barrio Adentro, the primary care program initiated by Chavez in 2003, has been responsible for a drastic reduction in the infant mortality rate, Dr. Gusmao said.

There is better diagnosis and treatment of illnesses, including meningitis and diarrhea, driving the mortality rate down. There is a “clear impact,” he said, Venezuela has made decades of progress in just a few years.

There are 30,000 Cubans in Venezuela, including 15,000 doctors. This figure has been reduced by 3,500-4,000; Cuban medical personnel sent from Venezuela to Bolivia, attracting many

¹ http://www.paho.org/English/DD/PIN/alma-ata_declaration.htm

complaints by Venezuelans who liked their Cuban doctors. He says there are 6,569 points of consultation; 2,800 Octagons (shelters built for Cuban doctors to reside and see patients); and there are approximately 12,000 Cuban doctors left.

The situation is not without problems. The system is now maintained by Cuban doctors and it exists running in parallel to the medical system in Venezuela that cares for middle- and upper-class people. They intend to deal with the first problem through a massive education of doctors in Venezuela.

They are currently training about 27,000 doctors (they started with 36,000 and approximately 10,000 washed out of the program). He described the curriculum (reminiscent of the Latin American School of Medicine of Cuba), and said that medical education in Cuba is of a very high quality. These new doctors should be coming “online” in the next few years, and will start to back out the Cuban doctors.

Dr. Gusmao talked about how the Venezuelan medical system deteriorated. In 1978, he said, Venezuela had a great primary health care system, but it was rurally focused. With the green revolution, greater agriculture productivity and fewer people needed to cultivate the land, people left rural areas and went to the cities.



The delegation interviewed Dr. Gusmao in his PAHO offices.

The Ministry of Health could not provide the same level of care to the people who moved to urban areas. When they came to live in the cities, they were not legal; they had no land, no title and therefore no coverage. This problem gets worse later as Venezuela experiences economic crisis.

This trend was occurring at the same time there was a push to privatize the health care systems of Latin America, inspired by the international financial institutions. They wanted countries with high levels of external debt to shrink government, fire public servants, and privatize services. For more than ten years, he said, there was [no investment] in the public sector; 64% of people had no access to primary health care.

When Barrio Adentro came in there was a massive demand for services. But one year later, the demand was reduced, and there was an increasing level of services for health promotion and prevention. The program, while not completed, is a success.