

Venezuela: Socialism for the 21st Century

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For much of the 19th and 20th century, socialism was the hope of millions of working people around the globe, including the United States in the early part of the 20th century. This was the period of the growth of the Socialist Party and the Industrial Workers of the World, the IWW. Historically, socialism has meant a society committed to meeting the basic needs of all people for health, food, education, and housing, and where there is no poverty and full employment. Enterprises and firms are socially and publicly owned not privately owned by capitalists to make profits. It has meant a society where workers control how firms are run and where the economy is democratically planned to serve human needs. As a great socialist revolutionary, Rosa Luxemburg said in the early 20th century, socialism requires democracy, and democracy requires socialism.

In the 1980's, government leaders such as Margaret Thatcher, Ronald Reagan, most economists, and media pundits such as Thomas Friedman told us that there is no alternative (TINA) to unregulated market capitalism. This economic model and the related policies are called neoliberalism in Latin America.

By the early 1990's, the fall of the Berlin Wall, the collapse of Soviet Union, and the defeat of the Sandinistas in Nicaragua, signaled to many the end of socialism. So did the movement by formerly non-capitalist nations such as Vietnam and especially China towards a capitalist system of private enterprise led production for profit. The severe economic difficulties of Cuba were considered as further evidence that the period of alternatives to capitalism was coming to an end. This led to the "end of history" claims that liberal capitalism was the economic system that the entire world was evolving towards and would not evolve beyond, and that the time for socialism had passed and moreover it was not a desirable model.

In 1998, Hugo Chávez was elected President of Venezuela. He spoke strongly against savage neoliberalism in his electoral campaign and challenged it after taking power but socialism was not a part of his vocabulary or program for his first few years in office. Since late 2004, he has been increasingly calling for Socialism for the 21st Century in Venezuela, and speaking out against capitalism and imperialism.

This call for 21st century socialism has resonated throughout the Americas, although a little more slowly in the U.S. than in other places. Even here in the U.S., there is increased interest in and decreased hostility towards socialism.¹

I will share some of my understanding of the present and possible future of Venezuela so that we can effectively counter the criticisms we hear of it by our politicians and media. Another reason to study the Venezuela proceso is so that we can dream about and learn lessons for organizing and advocating for socialism in the 21st century in the U.S., a country that today is more unequal in its income distribution than Venezuela.² Venezuela is not socialist but rather Chávez and others calling for 21st century

socialism are placing Venezuela in that historical tradition while calling for something different and new and culturally appropriate and historically specific for contemporary Venezuela. In this paper, I will also examine the Venezuelan economy today.

The Chávez Question

Before returning to the theory and practice of 21st Century Socialism in Venezuela, I would like to briefly put forward my perspective on President Hugo Chávez Frías and his relation to the socialist project there. Focusing primarily on him is the wrong way to understand what is going on. I believe he is a very good president and leader who is committed to democracy and the development of a socialist society. Chávez's understanding of socialism is continually evolving and becoming more concrete as are his policies and proposed structural and systemic changes. He is anti-imperialist³, and both a nationalist and internationalist.⁴ Chávez supports in words and actions the growth of diverse social movements: poor people organizing, workers organizing for self-management, communal councils, and landless people organizing for getting land to be turned over to them to farm on. Socialism ultimately means people's power over all parts of life. This is happening in Venezuela although less in the sphere of production than in other parts of society.

Central to understanding the Bolivarian revolution, another term commonly used to describe the ongoing social change in Venezuela, is social change from above and from below. The election of the government led by Hugo Chávez in 1998 enabled ongoing transformation in Venezuelan society but by itself was not a revolutionary change. This idea is expressed in the title of Greg Wilpert's outstanding book on Venezuela, "*Changing Venezuela by Taking Power*".⁵

In the last 10 years, social change from above has caused social change from below which has further moved the government of Chávez to the left⁶ which has furthered popular power at the grass roots level. What is exciting about Venezuela is the mutually reinforcing process where the Chávez led government is committed to meeting people's needs and supports activities by the popular classes⁷ in transforming their communities, local governance and workplaces. This spurs the government to continue to further support popular power. The popular classes are becoming subjects of their history, protagonists. This process is more profound than just progressive economic and social programs.

It is equally a mistake to only focus on the building power from below as some people who believe the state always supports the capitalist class or is inherently oppressive. I heard David Hernandez, a long-term labor organizer and socialist, and the current director of Venalum, the second largest aluminum plant in Venezuela, speak at a conference on socialism in Barquisimeto on February 28th, 2009. At the conference, Hernandez said that if we looked at Venezuela in the early or mid 1990's, one would have thought that Venezuela was the least likely country in Latin America to be undergoing a profound economic and social transformation. Labor and other social movements were weak, as was the left. Since the victory of Chávez, social movements and involvement by the popular classes in local power and in local economic decision-making have flourished. The meaning of socialism is now being discussed widely. David Hernandez pointed out the government led by Hugo Chávez, deserves credit for this development of popular power and growing socialist consciousness.

What is also exciting and positive and hopeful is this slowly radicalizing dynamic where President Chávez supports people's power but does not control it.⁸ This growing power from below makes it possible for him to initiate more socialist-oriented policies and structural change to further challenge the power and privileges of capital, e.g., land-takeovers from wealthy landowners where the resulting farm is then run as a collective or a cooperative by the occupants of the land.

What does Socialism for the 21st Century Mean?

One central aspect of 21st century socialism is that it is increasingly meeting the needs of the Venezuelan people. As can be seen from the following table, Table 1, there has been substantial improvement in key social indicators since 1998. Poverty and income inequality have declined sharply. Indicators of health and access to education have substantially improved as have access to water and sanitation. The number of students in higher education more than doubled from the 1999-2000 school year to the 2007-2008 school year.⁹

Table 1¹⁰

Venezuela Economic and Social Indicators

Category	Year	% or other measure	Year	% or other Measure
Poverty (individuals)	1998	52%	2008	31.5%
Extreme Poverty	1998	20.1%	2008	9.5%
Gini Index(measure of inequality, 0=total equality; 1=total inequality)	1998	.48	2008	.41
Infant Mortality/100,000	1998	21.4	2006	14
Nutrition related Deaths/100,000	1998	4.9	2007	2.3
Access to Clean Water	1998	80%	2007	92%
Access to Sanitation	1998	62%	2007	82%
Social Security, % of Population	1998	1.7%	2008	4.4%
Unemployment rate	1998	11.3%	2008	7.8%

Note: The end year is the last year where data was available, in most cases 2007 or 2008.

There has also been substantial growth in Gross Domestic Product (GDP) since 2003. Real GDP has grown 10% per year since 2003 although at a lower but still respectable growth rate of 4.7% over the entire 1998 to 2008 period.¹¹ For most of this latter period oil prices have risen. Also contributing to the higher growth rates since 2003, has been the defeat of the employer's lockout and oil stoppage in late 2002 and early 2003 and the Chávez's government increasing commitment to public investment in infrastructure as well as health and education. There has been significant growth in private and public capital formation including infrastructure, machinery and business and farming equipment, offices, factories, roads and in employment and production in all sectors of the economy including manufacturing

and agriculture. This is both a cause of the improvement in the economy of Venezuela and indicates that its economic growth has been caused by more than just the growth of oil revenues.

The growing equality of income in Venezuela over the last 10 years means that the popular classes have gained disproportionately from the growth of incomes and output. Employment in the formal sector has grown by almost 50% over these 10 years, almost double the growth rate of the labor force . The informal labor market although growing much more slowly than the formal labor market is still about 40% of the entire labor force.¹²

Inclusion of the marginalized and poor is another central aspect of the construction of 21st century socialism. The improvements in health, literacy and education of the poorest parts of the population indicate a politics and ethics of inclusion, a government making central the needs of the formerly excluded and second-class citizens. These progressive social policies also make it more possible for the popular classes to participate in public life. There is a commitment to provide adequate housing with water, electricity, for all but so far the growth of adequate housing has lagged although we saw many, many communities getting money to build housing for themselves. The access to cheaper food through Mercal, PDVAL and through community food kitchens are important steps towards making possible the involvement of people in the politics and community activism in Venezuela as is the distribution of about 5 million acres of land to formerly landless families. The growth of free childcare, mission Simoncito, and programs such as Madres del Barrio and mission Che Guevara address directly the inclusion of low income women in the Bolivarian revolution¹³. At a January 23rd, 2009 rally that we attended in Caracas, Chávez stated to over 100,000 people that to be a socialist is to be a feminist.

As can be seen in the 1999 Venezuelan constitution, there have also been major steps taken against the discrimination and exclusion of indigenous people and in support of their rights to land and maintaining their culture. That Venezuela is a multiethnic and pluricultural country is embedded in the 1999 Venezuelan constitution although unfortunately little recognition is given to the past and current discrimination against Venezuelans of African descent.

Cultural, Political and Economic Revolution

To understand the construction of 21st century socialism in Venezuela, we must look simultaneously at the ongoing political, cultural and economic transformation. I will focus mainly on the economic changes and challenges but they are an inseparable package.

Cultural Transformation

A central part of the socialist project in Venezuela is the commitment to developing socialist consciousness among the population. Towards this end, schools and particularly the various education related missions stress the teaching of socialist values such as solidarity, cooperation, self-management, and equality and strongly challenge and criticize individualism, egoism and consumerism. Venezuelan medical students, interning and studying at Barrio Adentro are learning to serve the community and about the right of all to medical care as well as learning medical skills. Another part of the ongoing cultural revolution is the conscious objective of developing pride and knowledge of Venezuela culture and history, of independence leaders and the history of indigenous people and their struggles for self-determination, and of oppressed people's resistance. In the schools and the mission and in the Ministry of

Culture, Venezuelan music and art are fostered and emphasized as are the pluricultural and multiethnic roots and current reality of Venezuela. There is strong government support for the growth of music, films, theater, murals and other forms of art whose roots are Venezuelan. There is a commitment to reclaim Venezuelan culture, to develop Venezuelan media, and to combat the domination by U.S. culture and media.

There are major campaigns in support of women's equality, for worker's dignity, for equality for indigenous people and against all forms of racial discrimination, for food sovereignty and endogenous development and for Venezuelan sovereignty. There are also ongoing campaigns for sustainable development and for solidarity with oppressed people in all of the Americas and throughout the world. For example, we saw much support for the Palestinian struggle.

Chávez is continually stressing the necessity of transforming values for there to be socialism. Socialism requires both the change in values as well as the transformation of economic and political institutions. There is a danger that words such as socialism and solidarity will become merely rhetoric and hollow unless the economic and political institutions are simultaneously being transformed so that these socialist values are fostered and encouraged and can be practiced. If business enterprises, private or state owned, continue to be hierarchically run while Chávez talks on TV about self-management, cynicism about socialism will be the result.

Political Transformation

Participatory democracy is often used as a synonym for socialism in Venezuela. Its concept of democracy is far more than voting for candidates of one's choice in free elections and the guaranteeing of basic civil liberties such as freedom of the press, religion, freedom of speech and expression, rights to a fair trial, right to privacy, etc. Participatory democracy means that people should be directly involved in making decisions that affect them, e.g., deciding how government budgets be spent.

Another integrally related concept is popular power. The growth of popular power, particularly at the local level is involving large numbers of people, in the millions, in deciding how to develop and run their communities. The institution of the communal council is an example of participatory democracy and growing popular power. It is exciting to observe the involvement of people formerly excluded from the political process making decisions about their communities, e.g., who needs housing the most, how to build housing, community priorities, etc. As with many of these institutional changes in Venezuela, e.g., the communal councils, how widespread they are and will become and what are the limits of their power are not yet determined. Moreover, the communal councils because of their very local orientation—they consist of no more than 400 households, usually less-- are not equipped to make decisions that involve large geographical areas and more people. A new and developing institution of popular power is the comuna or commune. In the comuna, a few communal councils join together to make decisions that affect this larger area and population. For example, in the State of Lara, a comuna decided to build a milk plant whose employees come from a number of adjacent communities and whose milk is distributed among the residents of the comuna. The comuna also will decide how to distribute the surplus.¹⁴

Also significant is the growth in Venezuela of social movements such as environmental, peasant, women's, indigenous and community media. They are part of the emerging popular power in Venezuela. Many of these social movements are autonomous from the state, from Chávez and from the United

Socialist Party of Venezuela, the PSUV, which was formed in 2007. The PSUV is led by Chávez and is the major political party in Venezuela today.

Economic Transformation

Today, the economy of Venezuela is still a capitalist dominated economy although definitely not a neo-liberal one. Let us conceptualize the economy as being divided into three different types of production and social relations, the private, state and social economy sector. The largest is the private sector, meaning that it is primarily organized with the goal of maximizing profits and that the capital--money, structures, equipment and inventory--are privately owned. This capitalist sector comprises about 2/3 of the economy.¹⁵ It is integrally linked with transnational capital either through imports of their consumer and capital goods and/or with transnational corporations having subsidiaries in Venezuela. Growth in employment and output has been the most rapid in construction, transport, communication, finance and retail and wholesale trade and services; growth of production and employment has been slower in manufacturing and agriculture.¹⁶

The second major state sector is the state sector—enterprises that are owned by the state and whose employees are public employees. This public sector includes PDVSA, the huge state owned oil company. Although much of the revenues of PDVSA now goes directly or indirectly to fund health and education programs, to build housing and infrastructure, it is run in a top down and hierarchical manner with large wage and salary differences among its employees. Wages are also much higher than the national average.

There is little worker self-management in most of the state sector. This sector produces about 30% of Venezuela's output, a proportion similar to its share in 1998. The threat of nationalization and the pace of nationalization have been growing in 2008 and 2009. The largest bank, foods processing firms such as Cargill, land from rich landowners who were not using it, iron, steel and cement firms, mining, and natural gas and oil related industries have been nationalized. President Chávez in a talk in Guyana in the eastern part of Venezuela in May 2009 spoke about government plans for further nationalization and his support for increasing worker control in the state sector, particularly in heavy industry.¹⁷

A new and exciting state enterprise is the CVA, the Corporación Venezolano Agraria. They are a worker self-managed company whose objective is to process farm goods and sell them at low prices to consumers, e.g., canned tomatoes and tomato sauce. They also plan to cut out the profits of intermediaries by transporting food at a very low cost from farms to low-income communities and to institutions such as Mercal which will sell the food at an affordable price to consumers. The CVA has the potential to significantly benefit both farmers and consumers.

The third sector is the social economy. This includes what are often called socialist enterprises such as farms that are publicly owned and self-managed. This sector includes cooperatives and firms that are jointly run and owned by the workers and the state such as a cacao factory that we observed in Barlovento. It includes production organized by the communal councils. In enterprises that are part of the social economy, incomes are often equal for all employees. Workers have a large say in the running of the socialist enterprise, and the surplus is shared with a community that extends beyond those employed there. For example, some of the surplus may be used to build a community cultural center, or provide

medical services at a medical clinic or by a doctor to the broader community in addition to workers and their families of the social enterprise. Because most of these enterprises are very small, a leading Venezuelan economist, Victor Alvarez estimates the social economy is only about 2% of the economy.¹⁸

To me, a socialist economy in Venezuela would require the continued growth of the state and social economy at the expense of the private sector. Equally important is that the state sector and social economy merge, where they become one sector where there is self-management by workers, increasingly equal incomes and an orientation towards living in harmony with the environment and producing with the objective of meeting human needs not maximizing revenues or profits. This will require alternatives to market determined prices and wages. A socialist economy also means economic justice, an income distribution that is quite equal or with limited differences.¹⁹ As can be seen from Table 1, the row that shows the Gini index or coefficient, income is more equal in Venezuela in 2008 than it was in 1998. However, socialism means a far more equal society than exists there today. A progressive income tax and a tax on wealth above a certain amount are necessary steps that need to be organized for and legislated.

Venezuela has only had limited success so far in developing an economic system where they produce most of what they need at home. For the last 90 years, it has been an economy based on the production and export of oil. More than 90% of their exports are oil.²⁰ For Venezuela to be a sovereign nation, they should produce and control more of what they consume domestically. To express this, I will use the term of production sovereignty, which is based on and an extension of the concept of food sovereignty. Food sovereignty means that local communities and the Venezuelan people define and control their food and food production systems²¹. It is a principle incorporated into the Venezuelan constitution and actively promoted by the state and many of the missions. In order for Venezuela to be a sovereign and socialist society, they need to produce more of what they consume using local resources with the appropriate technology. President Hugo Chávez calls this endogenous and actively promotes it. Although endogenous development is a key principle of 21st Century Socialism in Venezuela, there is still very high import dependence of goods and technology.

Before returning to the meaning of 21st century socialism and examining its construction, I would like to briefly comment on two major and related economic problems of Venezuela today, the overvalued currency and inflation.

Overvaluation of the Currency and Inflation

One factor that makes it difficult for Venezuela to reduce import dependence in food and manufactured goods is the overvaluation of their currency, the bolívar (bsf). The official rate is 2.15 bsf to the dollar. The unofficial or black market rate is more than 6bsf to the dollar (August 2009). Given the much higher inflation rates in Venezuela than in the United States, the Venezuelan currency is more and more overvalued²². Inflation has averaged about 30% per year in Venezuela for the last two and a half years. This means that imports of food and other goods into Venezuela if imported at the official exchange rate can be bought at prices far lower than what it costs to produce them in Venezuela. Since inflation means costs of domestically goods are rising, they cannot compete with imported goods whose costs are rising more slowly unless the bolívar is devalued. If importers had to pay 4 or more bsf for each dollar that they needed to import goods, domestic production would have more possibilities. Similarly at the official rate of 2.15 bsf to the dollar, Venezuelan exports are very expensive for foreign purchasers which limits

export markets.²³ Venezuela will probably have to devalue their currency in order to increase domestic production but the fear is that this will further the already strong inflationary pressures in the economy and anti-government cause political unrest. When the currency is devalued, it should be done in such a way that the real incomes of the popular classes are not reduced.²⁴ As long as inflation is greater in Venezuela than other countries, it will be hard to sustain a stable currency.

Inflation in Venezuela today is similar to what it was when Chávez was elected president.²⁵ In the current period, inflation is caused by a number of interrelated factors. The large growth in oil prices and revenues is a major factor. The high growth rates of incomes and formal sector employment and of transfer payments such as pensions and disability payments have contributed to rapidly growing demand for needed consumption good. Public and private investment in structures, in equipment, and in research and development²⁶ and government demand for goods and services have also grown rapidly. Domestic manufacturing and food production have grown but at a lower rate than demand for these goods. Demand has grown faster than domestic supply and this gap has been filled by rising imports and rising prices, i.e., inflation. There is some government control of prices to limit inflation but hoarding, evasion of controls and lower production have sometimes resulted. This is not an argument against price controls but rather that production must be increased, especially social and public production. A moderate rate of inflation with real wages and incomes rising is better than a zero inflationary rate caused by restrictive fiscal and monetary policies but an inflationary rate that is higher than other Latin American countries and much higher than the United States is a real problem. Increasing labor productivity would reduce inflationary pressures and the growing overvaluation of the Venezuelan currency.

Fall in Oil Prices and the Current Venezuelan Economy

Much but not all of the rapid economic expansion of Venezuela from 2003-2008 was fueled by the rise of oil prices. The fall in oil prices in late 2008 and early 2009 has led to a reduction in the planned government budget. Venezuela has sufficient dollar reserves so it should be able to maintain its social programs, and not have to reduce imports substantially nor apply for loans from abroad. President Hugo Chávez has announced that there will be no declines in the social missions and in the quality and quantity of health care and education. Government spending is being cut by 6% this year, 2009, and output and national income will probably grow very slowly if at all. It will be a difficult year economically for most people in Venezuela as the minimum wage raise of 20% will probably be less than the inflation rate, meaning that the real minimum wage will fall. The global economic crisis and the resulting fall in prices of many commodities that Venezuela imports means that inflationary pressures should be reduced in Venezuela. The costs of the global economic crisis will be less in Venezuela than in most countries and unlike like most other countries, the U.S. for example, its social and economic costs will not primarily be paid for by the working and popular classes.

Oil prices have begun to rise again in spring 2009 and given the continued global demand for oil and that we are reaching peak oil production, oil prices are likely to grow rapidly again in the future. This will provide Venezuela with plenty of oil revenue. Foreign exchange from growing exports of natural gas will also increase. The challenge for Venezuela is to use oil and natural gas revenue to diversify the economy in order to attain food and production sovereignty in an economy not dominated by private capital and where workers and communities run the economy. Hopefully these oil and gas revenues will also fund the development of appropriate technologies for domestic production, perhaps in joint ventures with

other Latin American countries. This development of appropriate technologies is necessary for the development and diversification of local industry and production that hopefully are environmentally conscious.²⁷

Internationalism and a Multipolar World

Socialism for the 21st century in Venezuela also means increasing cooperation with other Latin American countries and strong opposition to U.S. economic, political and military domination. Venezuela and Cuba formed ALBA, the Bolivarian Alternative for the Americas in December, 2004 as an alternative to the U.S. sponsored Free Trade Area of the Americas (FTAA). ALBA now also includes Bolivia, Dominica, Nicaragua and Honduras with other nations such as Ecuador considering joining. The nations of ALBA are discussing forming a common currency and are pledged to fair trade between them to replace market-determined prices, and in sharing technology and intellectual property.²⁸ They are committed to respect cultural diversity and immigrant rights, and for building sustainable economies that combat climate change.²⁹ Venezuela sending oil at reduced prices to other countries in the Americas, in the Caribbean, and to low income communities in the United States in a spirit of cooperation, solidarity and internationalism is an integral part of the values and practice of 21st century Venezuelan socialism. Other key regional institutions that are part of this internationalism and commitment to Latin American integration include Telesur, a high-quality Latin American public television station, and Bancosur, Bank of the South formed in January 2008. Bancosur's purpose is to provide to provide alternative lending sources for Latin American countries to the neoliberal international financial institutions. Venezuela's growing relations with Iran, China and Russia do not mean that Venezuela endorses their policies or system but rather is an attempt to build alliances, to build a multipolar world that the United States does not dominate.

Other Challenges in Moving Towards the Construction of 21st Century Socialism

In addition to the problems already listed in this paper which include private domination of the Venezuelan economy by the multinationals and national capital, the need to produce more and diversify production, inflation, hierarchically run firms, and poverty and economic inequality, there are many others. Socialism requires gender and racial equality and equality for gays, lesbians and other sexual minorities. Gender and racial equality are considered as necessary parts of 21st century socialism and advocated for although their meaning is often quite restricted; there needs to be more of a priority for gender and racial equality at all levels of society.³⁰ Gay and lesbian equality should be but are not yet a part of the Chávez and public agenda. Bureaucracy, corruption and crime and insecurity are also major issues which I will not deal with in this paper but are of central importance to the construction of a humane socialism.

In spite of these problems and the continued private domination of the economy, I am very positive and hopeful about the construction of 21st century socialism in Venezuela. Although the growth is slow, the cultural, political and economic changes are all reinforcing each other and Venezuela is moving in the direction of a democratic and participatory socialism.

Questions, Conclusion

1. Are the educational and health missions, the communal councils, Mercal, the cooperatives a part of an economy that will coexist alongside a regulated capitalist economy with the state involved in providing many needed social services and doing some income redistribution? I call this the social democratic option. This is the current social and economic reality. A second and more radical interpretation of what is going is that the new society is being built within the bosom of the old; that the social economy and popular power will grow and eventually take over and replace the current profit-based system. Barrio Adentro will become the health system, Mercal will become the food distribution institution, the Bolivarian universities will become the main universities, and the merged social and state economy will become self-managed and expand and become the entire economy. Popular power will replace most or all of the existing state. I call this the socialist option.

2. The second option is very exciting and liberatory as both a strategy and a goal. What stills needs to be addressed in this alternative is how production, distribution and exchange of goods, services and labor will be coordinated? There are major problems with both markets and central planning.³¹ Both undermine central values of socialism for the 21st century such as solidarity, self-management and environmental justice. There are other possibilities such as participatory planning that are worth pursuing.³²

3. A revolution is transformation of a social system. The 1998 elections were an important beginning and there have been many hopeful small and big steps since. Thus far, it has been a large peaceful and certainly very democratic transition. Democracy has expanded in the sense of the growing inclusion of the formerly excluded, the popular classes, in determining the present and future of Venezuela. If this process continues to move towards 21st century socialism, it is very likely that the Venezuelan oligarchy, i.e. the capitalist class, and their supporters will try to maintain their economic power by any means necessary. They, the economic elite, have done well economically in the last 10 years but no longer have political power and are likely at some time to mount a counterrevolution to maintain their wealth and privilege. Venezuelans have the right to defend their revolution and may have to defend it with arms and people power. Let us work to stop U.S. intervention and subversion in all forms in the present and future. Let us not let the mainstream U.S. media and politicians define the situation in Venezuela. Let us challenge terms such as undemocratic when they are used against Venezuela as it moves towards socialism and restricts the power of capital to make profits and to exploit workers and the environment³³. This is our responsibility.

4. 21st century socialism is opposed and resisted not only by the U.S. and Venezuelan elites but also by many members of the PSUV, the United Socialist Party of Venezuela. Terms we often heard while we were in Venezuela for this significant group of people who opposed socialism from within the government and from within the PSUV were the endogenous right, or red on the outside and white on the inside. The growth of popular power, the many young and not so young people graduating from Missions Che Guevara, Robinson, Ribas and Sucre with socialist values and a commitment to building a participatory society are an important counter force. So is Hugo Chávez, who I believe is increasingly moving towards a vision of a truly socialist meaning of socialism for the 21st century, i.e., beyond social democracy. There are many signs that although the speed is slow and the path zigs and zags, and is not direct or without contradictions, that this is the direction of the Bolivarian revolution. This is truly a huge

advance for all of humanity, an example that we in the United States can learn from as we call for, explore, struggle for and build our own culturally appropriate form of 21st century socialism.

¹ A Rasmussen national telephone survey of 1100 adults on April 6-7, 2009 found 53% saying capitalism is better than socialism, 27% not sure and 20% saying socialism is better. Among those under 30, the respondents were almost evenly divided, 37% prefer capitalism and 33% socialism with the rest undecided. April 9, 2009. http://www.rasmussenreports.com/public_content/politics/general_politics/

² A common measure of income inequality is the Gini coefficient. 0 is total equality, 1 is total inequality. The higher the number, the greater is the inequality. In Venezuela, the Gini coefficient was .422 in 2007 and lower in 2008. See Mark Weisbrot, Rebecca Ray and Luis Sandoval, “*The Chávez Administration at 10 Years, The Economy and Social Indicators*”, Center for Economic and Policy Research, February 2009. For the United States, it was .463 in 2007 (*U.S. Bureau of the Census, Income, Poverty and Health Insurance Coverage in the United States 2007, Current Population Reports P60—235*). Using this measure, the U.S. is significantly more unequal than Venezuela. . Moreover, the Gini coefficient has been trending downwards in Venezuela, towards less income inequality, and upwards in the United State, towards more inequality. Yearly measurements are presented in these two sources.

³ By anti- imperialist, I mean where one actively opposes the economic, political and cultural domination of a country in the global South by governments and multinational corporations centered in the global North and by international institutions such as the IMF, World Bank and WTO which are dominated by the global North.

⁴ Chávez is committed to advancing the interests and meeting the needs of the Venezuelan people while also acting to further the interests of oppressed people in Latin America and the world. He sees the isms of nationalism and internationalism as complementary rather than contradictory.

⁵ Gregory Wilpert, *Changing Venezuela by Taking Power*, (Verso, 2007)

⁶ By left, I mean moving towards furthering economic and other forms of equality, i.e., in a socialist direction.

⁷ By popular classes, I mean 80% of the Venezuelan adult population. It includes those who work in the formal sector for wages and whose income and status is below what is called middle class. The popular classes also include those employed in the informal sector, farmers with small plots of land, the unemployed and underemployed, and single mothers who work in the home. It includes the working class but is a broader and more inclusive concept.

⁸ For example, there are many communal councils where the majority of its members do not support Chávez and are not members of the party he leads, the PSUV.

⁹ Mark Weisbrot, Rebecca Ray and Luis Sandoval, “*The Chávez Administration at 10 Years: The Economy and Social Indicators*.” Center for Economics and Policy Research. February 2009, pp. 13. According to these authors, university attendance grew by 138% between these two periods. I refer to this article which I use for much of my data as Weisbrot, et. al.

¹⁰ For more explanations of these data, see Weisbrot, et. al. The numbers in my table are from this article. The authors use data primarily from the Venezuelan National Institute of Statistics (INE) and the Banco Central de Venezuela (BCV).

¹¹ *Ibid.*, pp. 6-8

¹² Ibid., pp. 7,8, 15

¹³ See the excellent article by Courtney Frantz, “La Revolución es Feminista; Reconstructing Gender in Venezuela” in the book, *Venezuela: Building Economic & Social Justice*, self-published in June, 2009 by students in the Venezuela program at The Evergreen State College (2009) for the development of this point.

¹⁴ Surplus is similar to but not identical to profits. Surplus is the remaining revenue of an enterprise after it pays out wages to its workers and all other costs. The objective of these socialist enterprises is not to maximize the surplus but to meet human needs.

¹⁵ Víctor Alvarez, an economist and former minister of Basic Industry and Mines, and graduate professor at the Central University of Venezuela used this three sector model formulation of the economy. These are the estimates of their relative proportions that he gave to us in a talk at the Centro Instituto Miranda in January, 2009 and in a private conversation on March 25, 2009. See also Víctor Alvarez, “Responsable del Programa de Investigación Sobre un Nuevo Modelo Productivo”, in *El Viejo Topo*, October, 2008, pp. 24-31. He said these numbers were approximate proportions of their contribution either to GDP or to employment

¹⁶ Weisbrot et al, pp. 8. They do not provide data on agriculture but based on my looking at Venezuelan government data and from many conversations I had in Venezuela, I am quite certain that agricultural production has been growing but slower than the overall growth rate of output.

¹⁷ James Suggett, “Venezuela Nationalizes Gas Plant and Steel Companies, Pledges Worker Control”, May 22nd 2009, www.Venezuelanalysis.com

¹⁸ See endnote xv.

¹⁹ See Robin Hahnel, *Economic Justice and Democracy*, (Routledge, 2005), Chapter 1, for an in-depth discussion of economic justice.

²⁰ Weisbrot et. al, pp. 18

²¹ See Brenda Biddle, “Food Sovereignty” in Immanuel Ness, ed. *The International Encyclopedia of Protest and Revolution*, (Wiley-Blackwell, 2009) ; also http://www.viacampesina.org/main_en

²² If Venezuela’s prices of traded goods are rising much more rapidly than that of their trading partners, and the value of the Venezuelan currency is fixed in relation to other currencies, particularly the dollar, this will cause increased Venezuelan imports and decreased exports. If oil revenues are sufficiently high and currency convertibility from the bolívar to the dollar is restricted in Venezuela, the official foreign exchange rate may be maintained for a while. The social costs of this overvalued Venezuelan currency are declining non oil-related production and a black market exchange rate between bolivars and dollars that increasingly diverges in a downward direction from the official exchange rate. Weisbrot, et. al. (page 20), estimate that the bolívar fuerte (bsf) as of February 2009, should be valued at about 4.2 to the dollar, roughly ½ of what it is officially. The current black market rate for the bolívar fuerte compared to the dollar, August, 2009, is even lower, only about 1/3 of the official rate.

²³ To understand this,, consider a U.S. importer who wants to buy cacao from Venezuela. If a Venezuelan exporter requires 5 BsF for a pound of cacao, at the official rate of 2.15BsF per dollar, the U.S. importer would be paying

5/2.15 = \$2.33 a pound for coffee. At a rate of 4 BsF to the dollar the cacao would cost the U.S. importer only \$1.25 a pound which is below the world market price.

²⁴ This could be done by bigger price subsidies for goods that fill basic needs, and by raising the minimum wage. Other alternatives could be multiple exchange rates that vary for different goods and/or further rationing foreign exchange in order to promote domestic production.

²⁵ Weisbrot et. al., pp. 19-20.

²⁶ Ibid., pp. 25

²⁷ Development and use of alternate energies and the promotion of trains and mass transit to reduce dependence on both oil and cars are openly discussed and to some extent being implemented. It is unlikely in the near future that Venezuela will reduce its production of oil for the purpose of reducing carbon dioxide emissions and the serious and major problem of climate change.

²⁸ See “*The Declaration of Cumaná*”, April 23rd, 2009, www.venezuelanalysis.com

²⁹ “*The Declaration of Cumaná*”, April 23rd, 2009, www.venezuelanalysis.com

³⁰ For example, neither the PSUV nor Chávez have publicly raised the issue of the right to abortion for Venezuelan women.

³¹ See Hahnel, op. cit., for an excellent critique of centrally planned and market socialist models and experiences.

³² See Michael Albert, *Parecon: Life After Capitalism* (Verso, 2004) for a feasible participatory planning model that is an alternative to market socialism and central planning.

³³ There are constant claims by the mainstream media and government in the United States and some NGOs about restrictions of democracy in Venezuela, e.g., there violations of freedom of the press. This is a possible problem but I urge readers of this article to carefully examine the actual Venezuelan policies and practices before accepting this claim. For example, if the licenses of private radio and television stations are not being renewed so that community radio and television can grow and expand isn't this a possible expansion of the social economy and a way to expand the voices and power of the popular classes?