

"From Development Assistance to Development Solidarity: the Role of Venezuela and ALBA"

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If the goal is development, best defined as the sovereign democratic social transformation, then we must not speak of making the present "aid" modalities more effective, but of substituting present day aid and the system in which it unfolds. One begins by questioning the very nature of the larger international financial architecture, what it stands for, and who benefits primarily from it. "Development aid" as practiced by the North is part of a system that generates deepening inequality and dependence across and within countries. In this context, it is a question of making aid less not more effective, of ending aid altogether, because on the whole it does more harm than good.

Think Outflows not Inflows, from the South to the North. For every dollar of aid that goes into developing countries, ten dollars come out as capital flight. Yet this is an issue which regularly gets sidelined in discussions on development. It is much more important to focus on how to stop the 9 going out than to keep the 1 coming in. It has been estimated that developing countries lose more than \$500 billion every year in illegal outflows which are not reported to the authorities and on which no tax gets paid. In Latin America, according to figures provided by James Petras, amounts extracted over the past 30 years may have reached some 950 billion dollars.

No amount of aid, foreign direct investment or even remittances is going to change the structural equation over the long run. If one is to speak of new inflows, then we should conceive in the form of the payment of the real historical debt owed by the North to the South; not "aid" or charity or private philanthropy but reparations, restitutions, compensations, payment of the ecological debt to the people and environments of the South. There is a need to escape from a discourse and vision tightly linked to the preponderance of contemporary power structures, including the one upheld and practiced by governmental "aid" agencies.

Of course there is a need for developing countries to retain much more of their own domestic resources. But we must also recognize that it is not simply a question of the often in-existent will of domestic financial elites, but of

internationally generated impediments that are upheld by the so called free trade agreements, investment protection regimes, IMF conditionalities and the like, that demand ever greater liberalization of the flow of capital and goods. Aid and loans are minuscule compared to the profits made at our expense through unfair trade, exploitation of our labor, appropriation of our resources, interests on loans, domination of our markets, privileges and incentives granted to multinational corporations. Add to that the cost of reparations and restitution.

How do you build an Alternative National and International Justice and Development Order?

First, you must conceive it. If you believe there can be no alternative then there will be no alternative. This is difficult because it entails a paradigm shift.

Second, reconceptualize and change the role of the market. Markets must take their subordinated space in the organization of a political economy. Markets and big capital cannot dictate engagement. Markets have to be embedded in society and therefore in relations of solidarity, not competition. We need a political approach to economics. As the President of the Constituent Assembly of Ecuador, Alberto Acosta stated, *“Queremos un país en donde funcionen los mercados, entendidos como espacios de construcción social organizada en función de las necesidades del ser humano de hoy y de mañana. Queremos desbloquear el falso dilema entre mercado y Estado. No queremos un mercado descarnado que genera procesos de acumulación de riqueza en pocas manos, pero tampoco queremos un Estado ineficiente, que otorga prebendas y que transfiere recursos de todos y todas a los grupos de poder”*.

You must be clear about your indicators. If there is no improvement in the life conditions and dignity of people 50 miles outside Maputo, Managua or Manila, then it is no alternative. We can already report that thousands are benefitting from the new Venezuelan-led development support schemes outside of Managua in the form of clinics and eye operations. We must ensure that the alternative is constructed in terms of changes, by the interplay of idea and politics. Ideas challenge the dominating paradigm and introduce the alternative but the goal is for the alternative paradigm to become hegemonic.

A New Dawn for the Americas

The combination of ideas and political shifts is being witnessed today in the international collaboration scheme known as ALBA (Bolivarian Alternative for the Americas), which is being led by Venezuelans.

In 2004, the government of Venezuela took a political decision to use its massive oil reserves and earnings to assist other countries in the world with the clearly stated objective to lessen their dependence on the dominant trading and financial international order. According to statistics from Chavez opposition sources who feel that he is giving away national wealth, 18 cooperation agreements signed by

Venezuela last year alone total some 4.747 billion covering chiefly oil and refineries, but also infrastructure, health, agriculture, housing, debt cancellation, aluminum plants, and others. And these agreements are mostly with Latin America, but also with Iran, the UK, China and even Burkina Faso[1]. ALBA's premise is that a new form of regional integration and indeed greater political unity is necessary for independent development to take place.

ALBA was born as an alternative to the US Government's 'Free Trade Agreement of the Americas', on the principles of integration to reinforce sovereignty and just social relations, as opposed to liberalization and denationalization. Venezuela and Cuba signed the first series of bilateral agreements and in 2007 Nicaragua and Bolivia joined ALBA. "A new political and strategic project for a new world" is how Chavez described ALBA. It comprises cooperation in the fields of health, industry, food production and energy security, with more of a social criterion than a mercantile one. Its founding charter calls for the establishment of a Council of Ministers but also a Council of Social Movements to help inform decision-making.

In early 2008, the ALBA heads of State, now including the small island state of Dominica, announced the creation of the ALBA Bank with a capital of 1 billion dollars. Its stated aim is to boost industrial and agricultural production among its members, support social projects as well as multilateral cooperation agreements among its members, particularly in the field of energy. The objective was to tackle and counter the negative effects that neoliberal globalization, including finance and trade liberalization, is having on its members. It constitutes yet another piece in the construction of an alternative international economic order but unlike its predecessor, the Bank of the South composed by South American nations, the ALBA Bank is less influenced by the interests of conservative Brazilian mega-capitalists who wield strong influence in the Bank of the South. One must however await the publishing of the constituent documents and the actual project financing procedures before rendering a final verdict.

Of greater importance to the Caribbean and Central American nations was the formation of *Petrocaribe* in 2007. 14 countries, chiefly of the Caribbean, along with Nicaragua and Honduras, have joined the scheme whereby Venezuela, through its oil company PDVSA, agrees to guarantee 100% of member country energy requirements, principally oil and derivatives, at market prices (Venezuela as a member of OPEC cannot do otherwise). 40 to 50% is payable within 90 days (terms vary slightly in the different bilateral accords) and the remainder is payable over an average of 25 years with 2% interest and 2 to 3 years grace. Proceeds of the latter, presumably accumulated by the respective state energy companies or a designated governmental agency, are to form part of a development fund for social and infrastructure spending. As in the case of the ALBA Bank, procedures are being worked out in practice by way of bilateral negotiations.

What are Some of the Concerns around ALBA?

Given the sheer novelty of ALBA, its Bank and Petrocaribe, along with the dozens of bilateral cooperation in various fields, including the cultural, makes it difficult to comprehensively assess the process underway. Nonetheless, as with the Bank of the South, Latin America's social movements and regional networks are monitoring the process closely, and some concerns can, should and have been expressed, but within a framework of general support for the initiative and its anti-imperialist dynamic.

These concerns revolve around:

- A predilection for megaprojects, particularly the construction of refineries, pipe lines and transport infrastructure that are of concern to environmental groupings;
- Insufficient attention to the need to contest the dominant oil-centered energy matrix, possibly perpetuating dependence and consumption of oil;
- The fact that PDVSA is the Venezuelan counterpart institution and apparently in charge of the key facets of the cooperation including financial and technical oversight;
- The difficulty encountered by civil society organizations (at least in Nicaragua) in obtaining information about the specific bilateral agreements with corresponding transparency concerns;
- The stated decision of at least one government (Nicaragua) to privatize the cooperative handling it, thereby rendering it a private commercial debt and therefore not subject to legislative budget scrutiny and reporting, therefore prompting suspicions of partisan use of the funds escaping accountability;
- A lack of appreciation for the autonomy and working dynamics of movements and their regional networks which, as a matter of principle, reject the notion of being "convened" by any government or of allowing the governments to select which movements should form part of the Social Movements Council;
- The absence of credibility of the Ortega government in Nicaragua which continues to pursue neoliberal and confessional policies and is opposed by the Nicaraguan and Latin American social movements, particularly its women's contingents

What does These Mean in Terms of the 2008 'Aid Effectiveness Debate' (Accra Conference) Sponsored by OECD and the UN's 'Financing for Development' (Doha)?

From a social movement standpoint, including Jubilee South, the "Aid Effectiveness" debate is a non-starter. It implies a contradiction in terms unless the effectiveness works to the benefit of finance capital and is an instrument for domination, a lubricant for corporate capital penetration. Nor can there be talk of effectiveness in the context of aid increasingly becoming an open instrument of

security and foreign policy goals, including the so called War on Terror or simply tied to the acceptance of trade and financial liberalization (current EU Partnership Association schemes).

Entering the aid debate in preparation for Accra can only be justified if the objective is to utilize that debate to explain and denounce the institutional and historical foundations of the international aid regime, and that the emphasis should be on stopping the inflows of capital and wealth from the countries of the South.

Finance for Development is a more straightforward proposition. The objective should be to better identify and challenge the international impediments (including so called aid) that stand in the way of domestic accumulation and its domestic mobilization, including the behavior of domestic capitalists in shipping national wealth abroad, including its citizens expelled by the impoverishment that is linked to the enrichment of global elites. Finance for development should take the form of reparations and restitution due from the North to the South, the only real, legitimate debt, on account of centuries of looting and exploitation, including the wrecking of the environment.

Under no circumstance should we be under the illusion that “aid” and “loans” by “donors” are intended to “help” the people of the South and the discourse needs to be rejected. To actually believe that is either “tragic ignorance or unforgivable arrogance”, states Lidy Nacpil, International Coordinator of Jubilee South.

Which Way Forward?

The shift in power is underway, but it is not complete by any means. The first point to stress is that the way forward for development cannot be separated from, and indeed forms part of, the construction of emancipatory democracy.

Second, it is also necessary to build critical consciousness, about the North and the South, about the centuries’ old extraction of wealth from the South to the North, from poor to rich, within and among countries, and not as a policy or technical issue but a moral and political one. It is important to address not simply poverty as a contemporary reality but as a process of historical process of enrichment.

Third, it is necessary to restate the importance of solidarity and international mobilization of that consciousness and ‘to put the heat on the street’. Without resistance there can be no alternative. Resistance is alternatives in the making. It is also imperative to support the right of a people and region to exercise the right of economic self-determination, which is part and parcel of real democracy, in the face of what will be the unrelenting hostility of the US government and its allies. Cuba continues to build its alternative, Venezuela its own, and Bolivia too, and all these are the targets of US led destabilization campaigns.

Fourth, it is crucial to engage critically. While we support the greater emphasis on the State now being emphasized in ALBA and the Bank of the South, we do not wish to substitute the rule of one group of northern capitalists by a group of southern ones. Banks have many problematic issues and REDES and Jubilee South America have made public those concerns. Hopefully at least some of those concerns will be addressed in the new ALBA Bank configuration. But one should always keep in mind what Bertold Brecht once said: "What is the robbing of a bank compared to the founding of a bank?"

Fifth, we must not lose sight of the goal of shifting power and that is as much a product to be attained in the future as a process that requires practice in the future. This means not simply a shift away from Bretton Woods and corporate capital's domination to state-led ones, which must be coupled with a greater democratic shift, but to transform the international reality we have to transform our national ones. We welcome Venezuela's decisive leadership in breaking some rules of the game, the historically unprecedented mobilizing of one country's resources for the benefit of the other and shift from sovereign debt to solidarity debt. But this is not an end but the beginning, whether the governments like it or not. Aid, banks and debt are instruments of social and political control. The shift of power must be a shift away from capitalist mentalities and paradigms, where; people are considered not as consumers but as citizens; countries are not seen as markets but as nations, and; capital and governments serve people and not the other way around.

Forging a new development model and development solidarity architecture is fundamentally a political and a social task. It is one expression of the larger big struggle for human rights and sovereignty, and that struggle must increasingly be led by women and youth and less by white men. It must be led by social movements, by uncivil society in our continent, and in specific, by the indigenous, environmental and debt movements which demand, not aid effectiveness, but historical justice in the form of the payment of the social and ecological debt that has accumulated over the past 5 centuries.

Support for alternative development path means support for the right and ability of the poor to build their own independent movements and bring sustained political pressure from below. Advancing towards "non-reformist reform" coalitions that can push state power to implement real development policies that are justice based. There must be support for and participation of movements that will struggle for solidarity economies, for national democratic governance and for changes in financial and economic policies, structures and systems that can allow alternatives to be built.

We need to bring more movements into the picture, as this struggle is certainly not technical but political and therefore alliances must be constructed. At this conference we could have benefitted from the presence of leaders of the native aboriginal communities in Canada who no doubt would have key things to say

about development assistance. With your environmentalists and their fight against tar sands exploitation which is making the world poorer. With peace and justice advocates that contest the notion that Canadian troops are bringing development and peace to Afghanistan. Without the involvement of movements and their perspectives on alternatives the Accra and Doha will simply mean two more boring male-dominated meetings.

In 1933, John Maynard Keynes wrote [Capitalism] is not a success. It is not intelligent, it is not beautiful, it is not just, it is not virtuous, and it doesn't deliver the goods. In short, we dislike it, and we are beginning to despise it. But when we wonder what to put in its place, we are extremely perplexed.

In much of Latin America, people are no longer perplexed and are beginning to put something in its place as did the Cubans some 50 years ago. Socialism or better stated socialisms in the plural for the 21st century are back on the drawing board—not following any model or purporting to invent any one model, but as a set of principles to guide human interaction in all its diversity and in its relation to nature.

Progress is being made although we don't know where we will be at the end of the day, but in Latin America we are convinced that there is a new political dawn of certainty and decision that must be supported and extended.

<http://www.laprensa.com.ni/archivo/2008/enero/15/noticias/nacionales/includes/infografia6.html>

[1] "Ayuda de Hugo Chávez en crisis", La Prensa, (Managua), January 15, 2008. Figures by the opposition Centro de Investigaciones Económicas de Venezuela (CIECA)
