



The Venezuelan Government has created new socialist commerce, run by and for the people, in an effort to combat speculation and encourage new values

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## Independence and integration

*Venezuela commemorates 200 years of independence in Latin America in a regional celebration of unity and sovereignty*

Parades, marches, festivities, fireworks, celebrations, historical reenactments and an overwhelming display of dignified defiance characterized the bicentennial celebrations that initiated in Venezuela this week. To demonstrate Latin American integration and unity, presidents from Argentina, Bolivia, Cuba, Ecuador, Nicaragua and across the Caribbean came to Caracas to participate in the bicentennial events and hold a meeting of the Bolivarian Alliance of the Americas (ALBA)



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### Aggressions against ALBA will be considered attacks against Venezuela

In response to recent threats made by Colombian presidential candidate, Juan Manuel Santos, also the former Minister of Defense, referring to his willingness to bomb Ecuadorian territory again if necessary, Venezuelan president Hugo Chavez warned that the Bolivarian Alliance of the Americas (ALBA) may not have an official defense pact, but it would respond in the event of an aggression towards any of its member nations.

The heads of state of the eight members of ALBA met in Caracas on Monday, to consolidate regional

unity and reinforce socialist projects between nations to create several "grannational" companies. During the meeting, members demanded the US government end the blockade against Cuba, which has been in place for 50 years as a mechanism of aggression against the island nation, considered an "enemy" of Washington. "ALBA has to demand respect", said president Chavez, "Until when is Obama going to maintain the blockade"?

The Venezuelan President also made clear that in light of recent re-

marks made by Santos, during which the former Colombian Minister of Defense defended the illegal invasion he directed into Ecuadorian territory in March 2008 - and said he would do it again, ALBA would stand strong against any threats. "A new aggression against any member of ALBA will be considered an attack against Venezuela", declared Chavez.

President Rafael Correa of Ecuador added that such threats "violate principles of international law. These actions in the XXI century are absolutely unacceptable".



### Venezuela and Argentina strengthen cooperation

The governments of Argentina and Venezuela signed 25 new cooperation agreements this Tuesday, during an official visit of the Argentinean president, Cristina Fernandez de Kirchner, to Caracas. The agreements focused primarily on agricultural and technological exchange, including a venture between Venezuela's state-owned oil company, PDVSA, and Argentinean energy consortium, Kioshi Compresion.

PDVSA also entered into a joint venture with Argentinean company GNC Galileo to create a factory for compressors to provide natural gas for vehicles in Venezuela. Another agreement was made with Impsa, an Argentinean company dedicated to producing electrical energy generators made from renewable energy sources, to manufacture high potency aero-generators in Venezuela.

Additional initiatives were undertaken between the Mayor's office in Caracas and several Argentinean companies, to provide elevators for local buildings and to aid in the construction of a packaging outlet for products such as rice, sugar, flour and black beans.

These types of projects fall under the general notions and concepts of the Bolivarian Alliance of the Americas (ALBA), which promotes cooperative and integral trade between member nations, grounded in values of solidarity and mutual benefit for all actors involved.



### Relations with China advance

One of Venezuela's biggest growing trade partners is China, a rising world power. Recent agreements solidify trade in the areas of energy, science, technology, education and development. China has also just offered Venezuela a mega \$20 billion USD loan to finance joint projects. The relationship has caused concern in Washington and its interests in the region.

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### International Signs of war in Western Asia

US threats towards Iran continue to increase as territorial tensions in the region grow between Washington and Moscow.

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### Social Justice Communications warfare

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# China offers largest credit to Venezuela

**On Saturday, government representatives from Venezuela and China signed seven agreements in Caracas; six focused on energy and one on petroleum. China also offered \$20 billion USD in financing, the largest offer it has made in the last fifty years**

Chinese president Hu Jintao's planned visit to Venezuela was cancelled abruptly on Saturday due to the recent tragic earthquake in China, but Jintao and Venezuelan president Hugo Chavez spoke via telephone during meetings the Venezuelan head of state held for several hours with the delegation from China, already in Caracas.

Both governments agreed to create a joint venture between Venezuela's state-owned Petroleos de Venezuela (PDVSA) and China's National Petroleum Corporation (CNPC) to exploit the Junin 4 section of the Orinoco Oil Belt. The Orinoco River Basin was recently certified by the United States Geological Service (USGS) as the largest known oil reserve in the world, with over 500 billion barrels of recoverable oil.

## AID WITH ELECTRICAL ENERGY

China and Venezuela signed six agreements to strengthen Venezuela's national electric system through training, technical assistance and technological transfer from China as well as through the construction of a thermoelectric plant with the capacity of 500 megawatts in the western Andean State of Merida. The initiative will involve cooperation between the Chinese company CAMC Engineering and Venezuela's national electric company, CORPOELEC.

Representatives from both China and Venezuela also agreed on a plan to construct three more electricity plants in northern Venezuela and two in the east, each with a capacity of 300 megawatts. These agreements come after Venezuela suffered through more than six months of electricity shortages due to both an extended drought and consumption surpassing supply.



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## Venezuela and Nicaragua advance on food security

Venezuelan and Nicaraguan officials met in Managua last Wednesday to deepen bilateral economic ties with the goal of fostering import substitution, promoting Latin American integration, and creating an economic alternative to US-dominated free trade agreements.

"We must raise production in our countries and lower the amount of imports of goods and services, and transform the import-oriented economic model of our economies", said Venezuelan president Chavez in a press conference with Nicaraguan president Daniel Ortega.

The two countries plan to double bilateral trade by the end of this year, according to both the Nicaraguan Agriculture ministry and the Venezuelan Embassy in Managua.

A major agenda item was the progress of an oil refinery that will be built in western Nicaragua with a joint investment of \$2.5 billion USD. The refinery is projected to produce 100,000 barrels per day by 2015, and to be expanded to produce 150,000 barrels per day by 2019.

"Thanks to this refinery, in 2019, Nicaragua will be able to export the petroleum derivatives that today it imports", said president Chavez on Wednesday. "For Venezuela, it is very impor-

tant because it will allow us to enter the Central American market".

The Nicaraguan Company for Basic Foods and Venezuela's Ministry for Food signed an agreement to assure the food security of both nations, which will include the purchase of a barge to transport more than 20,000 heads of cattle to Venezuela.

Bilateral trade between Nicaragua and Venezuela reached \$115 million USD in 2009. Nicaragua has exported 6,000 metric tons of milk, 11,000 heads of cattle, 3,000 metric tons of black beans, and 100,000 metric quintals of coffee to Venezuela. In return, Venezuela provided Nicaragua with electricity generators to produce nearly 300,000 megawatts of electricity.

"We cannot advance alone. We must be united", declared president Ortega.

"This is about uniting our peoples, social unity, political unity, full unity. Only this will allow us to free ourselves once and for all... Only united will we be free, on the path of socialism", exclaimed president Chavez, at the conclusion of the bilateral meeting.

T/ James Suggett

After the meetings, president Chavez declared to the press, "The China-Venezuela relationship extends from the subsoil to outer space, it reaches from the search for petroleum to our Simon Bolivar Satellite".

In 2008, China helped build and launch Venezuela's first telecommunications satellite. Throughout its construction, Venezuelan engineers and scientists studied alongside their Chinese counterparts to learn the skills and knowl-

edge needed to later maintain the satellite and to build others in the future. The transfer of technology is a key aspect to all of Venezuela's foreign trade relations today under the Chavez government. Venezuelan students continue to

study aerospace engineering in Chinese universities in order to engage in future projects.

## MAJOR FUNDING FOR INFRASTRUCTURE DEVELOPMENT

During the event, president Chavez also announced that China had offered 20 billion USD to Venezuela in financing, a sum he claimed was the largest credit China had granted in its recent history. The Venezuelan President explained that the agreement was long term and based on principles of scientific planning and common interest. The money will go towards infrastructure, agriculture, energy, petroleum, steel, and gas projects in Venezuela, with technological assistance from Chinese technicians.

President Chavez emphasized that the credit was a "new kind of cooperation" that could serve as an example to other countries still under the "yoke of international credit organizations which grant financing under unfavorable and undignified conditions for the beneficiaries".

Venezuela will also maintain its supply of petroleum to China and will look at supplying the Asian superpower with gas and iron. Venezuela currently supplies China with 460,000 barrels of oil daily, an increase from 200,000 barrels in 2006.

Zhang Guobao, China's Energy Minister declared during last Saturday's event in Caracas, "China and Venezuela both have confidence and interest in strengthening our cooperation. The documents that were signed today are extremely important towards this end".

President Chavez concluded the bilateral meeting, exclaiming, "China and Venezuela have one project and one vision: a new world, a world of justice, a world of equality, a world of progress".

Since 2003, annual trade between China and Venezuela has increased from less than a half a million dollars to approximately \$5 billion USD in 2008. The Venezuelan government sees such increased trade and cooperation as a way of decreasing the region's dependence on the United States.

T/ Tamara Pearson

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# War on the horizon in Western Asia

**Recently, talks of nuclear disarmament have been in the news. But if the governments of the most powerful nations on the planet are no longer governed by their people, but rather by powerful corporations blinded by motives of profit, the results for the rest of the planet could be dire**

War has long been the promise of economic profits and individual gain. In modern times, the dangers of international war contain the threat of nuclear holocaust for the international community.

## BLAIR'S BONUSES FROM IRAQ

Last month marked seven years since the invasion of Iraq began. The anniversary coincided with a release of information evidencing that former Prime Minister of Britain Tony Blair had used his political connections to personally profit from the war.

Through pressure over the Advisory Committee on Business Appointments, Blair had delayed the release of information concerning his transactions with South Korean energy giant UI Energy Corporation, where he was hired as an investment advisor. UI Energy maintains one of the highest interests in Iraq's oil-laden Kurdistan region.

The specifics of his deals in South Korea, as well as with investors in Kuwait, are unknown as most of the connections were madethroughshadow-companies and secret contacts, but it is estimated that Blair has personally made around 20 million pounds since leaving office in 2007. Also unearthed was information pertaining to a large percentage of his gains that came from partners in the US and Western Asia, pointing to collusion between him and officials from the Bush administration.

The invasion of Iraq in 2003 marked a historical turnout of anti-war activists and opposition, quickly converting it into the largest protested war before the war had even started. Seven years ago, activists bore signs reading



Iran's missile defense system has prompted Washington's concerns

"No War for Oil", despite claims that the war was about defeating an "enemy". Now that solid evidence has surfaced verifying willful government falsities in promoting the war, economically depressed Europe and the US show little in the way of protests to ongoing investments in both the Iraqi and Afghan invasions.

Nevertheless, enough noise has been made by protestors and inquirers to prompt allocation of about 2 million pounds in police protection for former Prime Minister Blair; a sum larger than the current Prime Minister's security detail.

Critics say that Blair's personal profits in Iraq clearly represent a "revolving-door" doctrine between corporate powers and government officials, also citing that Blair was evidently "bought" by industrial interests. Similar claims against US government officials have been made as past

business ventures continue to come to light. The broader implications of the US and UK being sister-states controlled by private interests could affect the countries' preeminent representation in the direction of NATO, a coalition representing the largest military bloc in history.

## NUCLEAR TENSIONS INCREASE IN SPITE OF START

President Obama hosted the Nuclear Security Summit in Washington, D.C. last week after signing a new nuclear arms reduction treaty with Russia in Prague. The summit is a precursor for the upcoming meeting of nations involved in the Treaty of Non-Proliferation of Nuclear Weapons.

While much of the talk was geared towards the threat of terrorist networks and nations considered "rogue" by the US in developing nuclear weapons, US

Secretary of State Hillary Clinton announced that Washington is spending \$5 billion USD this year to modernize its nuclear arsenal. Nations hoping to develop nuclear energy for peaceful purposes claim that nuclear nations are intentionally prohibiting them from doing so in order to maintain economic and military nuclear dominance.

Many doubt Obama's claim that state-to-state nuclear threats are on the decline and the threat of terrorist networks developing nuclear weaponry is increasing. Experts indicate that a biological or chemical attack is much more probable given the capabilities of the freelance networks.

Countries such as Iran and North Korea, considered "rogue" by the US, have heeded the talks closely. Iran, in particular, has repeatedly asserted that its nuclear program is for civil energy purposes. In a response to NATO's accusations against Iran, Iran's embassy in Copenhagen said that the attacks on its nuclear program are false and promote "war-mongering". Iran's intentions remain to be seen, but so far its nuclear development appears on the surface to be compliant with international law.

Given the recent history of the Bush-Blair assault on Iraq using the charge that Iraq was harboring weapons of mass destruction, which were later proven to have never existed, the propaganda model used to justify the invasion in Iraq is now being used against Iran.

The North Korean military openly threatened "unprecedented nuclear attacks" in late March, yet the statement has failed to penetrate the US media. Saber rattling against Iran continues unabated, which could be due to the vast oil reserves contained within Iranian territory. North Korea has little to offer in terms of profit.

## NATO'S WAR IN AFGHANISTAN SPILLS OVER

A recent coup d'etat in Kyrgyzstan is motivating further destabilization throughout the entirety of southern Asia. Russian president Medvedev warned that Kyrgyzstan risks becoming divided into a north and a south, and possibly turning into a new Afghanistan. The former Kyrgyzstan government, installed after

the US-backed "Tulip Revolution" in 2005, was known to be sympathetic to US interests and had allowed its country to act as a supply corridor for the NATO ground war in Afghanistan.

While at the nuclear summit, Kazakhstan reached a preliminary accord with the US to allow US military transportation over its airspace, providing a more secure corridor that bypasses Iranian airspace. The agreement goes so far as to encourage the US to open a new military base in Kazakhstan, again increasing regional tensions with Russia.

Additional US agreements with Georgia have led to military cooperation and US military presence in another country nearing Russian borders. Georgia, which also had a "colored revolution" backed by the US in 2003, is currently seeking NATO membership. A brief war a year and a half ago incited by NATO against the disputed region of South Ossetia led to Russian threats of a nuclear response in order to force NATO's withdrawal.

Obama has continued Bush-era plans of the NATO missile shield, which has now been verified by Pentagon officials and set to be complete by 2018. The US has also been silent during the START agreements and the nuclear summit about withdrawing its nuclear weapons from Turkey.

## IRAN: THE LONG AWAITED SEQUEL TO IRAQ?

Several commentators have pointed out that the largest destabilizing factor in Western Asia remains Israel's possession of US-supplied nuclear weapons, the details of which it refuses to release. Israel has not been bashful about its ability to perform a preliminary air strike against Iran. Recent colonization of occupied East Jerusalem by Israel further violated international agreements and provoked regional tensions.

As NATO continues to press its war agenda, other world powers have become increasingly nervous of a US invasion into Iran, believing such an act could provoke a third world war. If indeed the instability in Asia continues to escalate, more war could be on the horizon.

T/ Benji Lewis



The parade marked 200 years since the founding of the First Republic of Venezuela, with the overthrow of Spanish colonial authorities and the establishment of the country's first independent government, which lasted until 25 July 1812. On July 5, 1811, Venezuela's congress declared the nation's independence becoming the first Spanish American colony to do so. The process sparked off a broader war of independence across Latin America led by Venezuelan liberation fighter Simon Bolivar, after whom Venezuela's "Bolivarian Revolution" is named.

The bicentennial event began with a sky show and the unprecedented participation of the first female military pilot in Venezuela, flight lieutenant, Yanet Sanchez, along with the deployment of recently acquired Chinese K8-W fighter jets, Russian made Sukhoi MK-30's and US manufactured F-16's, which flew over the skies of the capital forming a figurative "V" for Venezuela.

Leaders of the country's 33 indigenous groups together with Venezuelan athletes headed the parade, which featured the some 6,600 military personnel and 5,400 civilians including student and peasant groups, workers militia's from the state-owned oil and steel companies, PDVSA and Sidor, as well as representatives of social movements, collectives and cultural organizations.

Guests who attended the celebrations included the presidents of Argentina, Cristina Fernandez, Bolivia, Evo Morales, Cuba, Raul Castro, Ecuador, Rafael Correa, Nicaragua, Daniel Ortega, and the Dominican Republic, Leonel Fernandez, as well as the prime ministers of Antigua and Barbuda, Winston Baldwin Spencer, of Dominica, Roosevelt Skerrett, and of St. Vincent and the Grenadines, Ralph Gonsalves, and diplomatic representatives of many other countries.

Cristina Fernandez, who was the guest of honor at the celebrations, spoke of a "second independence" in Latin America that is signified by the growing push for independence from US domination and for regional integration.

"The first centenary of independence in 1910 brought us an America far removed from what they [the independence fighters] dreamed. A system was imposed on us that subordinated our region to the extraction of raw materials to generate wealth far from our lands", exclaimed the Argentinean President.

"The bicentenary finds the peoples of South America in a new stage of transformation and in what I call the Second Independence... we are pursuing the liberation of our peoples and the unity of our region, always respecting our differences and the plurality of our identities", she said.

Fernandez added that "the world has changed more over the last 20 or 30 years, than in two hundred years, and this brings us new challenges and new interpretations. A new international order is being born".

Chavez, who was elected on a wave of anti-neoliberal rebellion in 1998, initiated the founding of what is known as the Fifth Republic or the Bolivarian Republic of Venezuela via a constituent assembly and the adoption of a



Sovereignty, dignity and revolution in Latin America

# Independence celebrations in Venezuela

In a massive showing of support for the Bolivarian revolution led by Venezuelan president Hugo Chavez, an estimated one million red-clad supporters turned out to watch the "Independence and Revolution" Bicentennial civic-military parade, in Los Proceres, Caracas on Monday



new constitution through a popular referendum in 1999.

Since then he has pursued a project that implies radical change in Venezuela with the aim of building "Socialism of the 21st Century" which has the backing of the country's poor majority, but has brought him into conflict with traditional ruling elites.

Internationally, he has pursued a vigorous policy of independence, sovereignty and the promotion of Latin American unity based on the ideas of Bolivar, earning him the hostility of the United States, which in 2002 backed a short-lived military-media-civil coup against him.

In a special bicentennial ceremony, Chavez and the visiting Latin American heads of state

laid a wreath at liberator Simon Bolivar's tomb in the national Pantheon in Caracas, which houses the remains of Venezuela's national heroes. Then, in a bicentennial address from the national assembly, Chavez recalled the words of former Argentine president Juan Domingo Peron, who said "The 21st Century will find us [Latin America] united or domi-

nated" adding that the full independence of Venezuela would not be possible without the independence of all of Latin America.

"This is the century of our America, of the liberation of our peoples, of the consolidation of our independence...never again will Venezuela be a Yankee colony", he declared.

The April 19 celebrations follow a week of

activities including political forums, cultural events, a Bicentennial marathon, and all-night parties and fireworks displays in the Bolivar Plaza in each town and city all around the country.

The bicentennial year has also sparked a renewed examination of Venezuelan history and in particular the role of women.

Luis Pellicer, director of the National Archive, and Venezuelan feminist historian Alba Carosio have proposed that the remains of female independence leaders also be placed in the National Pantheon, including the "symbolic" remains of Ecuadorian born Manuela Saenz and indigenous resistance leader Apacua, among others.

Maria Leon, Minister for Women and Gender Equality, who supports the move said "We only knew of Manuela Saenz as the mistress of the Liberator [Bolivar]. I remember in the 1960s, when I became a guerrilla fighter, they told me who Manuela was". Saenz should be recognized in her own right for her role in the independence struggle, Leon argued.

"Women" Pellicer added, "have not been the subject of history, or social relations, or material life, they have been an object, and less than an object. That's part of the hegemonic mentality that we are fighting against".

"Women played a major role in the victories of our armies in every campaign of Independence", Pellicer noted, but "nobody knows about it, because it is in documents, but not written in any book. Women were in the streets calling for a republic and protesting against the king and as a result were sent to prison".

However Venezuelan historians are creating "an insurgent historiography" that celebrates the role of women and the people and these stories will soon be in the public domain he said.

T/ Kiraz Janicke

## ALBA is a great hope and inspiration for the peoples of Latin America

Venezuelan president Hugo Chavez greeted the heads of state and governmental representatives of the countries that comprise the Bolivarian Alliance of the Americas (ALBA) this past Monday in Venezuela. "We are receiving nations from the Caribbean, that before didn't even technically exist for us, descendents of Mother Africa, who have written their history together with us, by our side", he exclaimed.

The Venezuelan President recognized the importance of the ecological summit convened by president Evo Morales of Bolivia, also present at the ALBA meeting in Caracas, and indicated the significance of emphasizing environmental and political issues together. Morales honored Venezuela's bicentennial celebration and remembered that the historical date gave birth to the creation of South American republics, including Bolivia and Venezuela. Nevertheless, reminded Morales, the elite continued in control of the wealth of Latin American nations.

Now, said the Bolivian President, a true rebellion has been born amongst Latin American peoples. "In Bolivia, more than three million indigenous peoples have united with the revolutionary process all throughout Latin America. European imperialism dominated us with prayers and laws, and when that didn't work enough, they did it through military dictatorships", said Evo Morales.

"They helped form democracies that were pacts, and not legitimate creations

of the people. But the people have begun to awaken, and now we are in a period of Revolution. Ten years ago, Fidel was alone, and now there are many presidents that accompany him in this struggle. Brothers and sisters, heads of state of ALBA, who believe that this process is unstoppable despite the accusations and the attempts to sabotage it", he exclaimed.

"Democratic revolutions are now backed by voters and they keep growing, because this is what our people want", declared the Bolivian President.

"Now a flag of struggle unites us to end discrimination and to defend the rights of Mother Earth", emphasized president Morales.

"In this summit, we will defend the life of the planet. The presidents of ALBA will receive the proposals of social movements throughout the world that seek to defend the Earth. If capitalism doesn't want to recognize the harm it is causing, then the people must know that here, there is a group of presidents willing to accompany them in their struggle", said Morales.

"The Copenhagen Summit was a failure of imperialism and a victory for the people, because of that, ALBA today represents a great hope for the citizens of Latin America and the world", he affirmed.

President Chavez also insisted that his US counterpart, Barack Obama, finally end the blockade against Cuba and respect the peoples of Latin America.

T/ CO





# Venezuela's young communication guerrillas

On April 12, 2002, the Venezuelan media were gloating how a day earlier they had removed the troublesome Hugo Chavez from power during a coup d'état. The private television channels and newspapers' sustained campaigns against the President during that time had resulted in what some called the world's first media coup. The media did not just spin a story - they planned and, together with the military high command and the Catholic hierarchy, executed the coup. Eight years later, somewhat chastened but not reformed, the Venezuelan private media are confronting a different landscape.

The overwhelming majority of the Venezuelan television, radio stations and newspapers still remain in private hands, as hostile to the Bolivarian movement and president Chavez as ever. The daily dose of psychological operations through the various private media outlets - both national and international - influences a significant part of the middle classes and, as government supporters say, damages society's mental health. Yet the State has avoided a head-on conflict with the old media establishment. Instead, the Bolivarian movement has been creating its own media outlets, and its sustained critique of the mainstream news is beginning to reach communities nationwide.

## COMMUNICATION GUERRILLAS

This latest initiative was unveiled on April 12, with the swearing-in of the first batch of 75 teenage "communication guerrillas" in a Caracas school. These 13- to 17-year-olds were trained for several months in media skills, both traditional and non-traditional, including tactics such as handing out leaflets, engaging people on the streets, conducting interviews, using megaphones and drawing murals. The young media warriors were also trained in the use of radio, television and Internet. The "communication guerrillas" will unite with cultural and music troupes to reinforce their presence on the streets, in schools and in their own communities. Hector Navarro, Venezuela's Education Minister, explained that the "communication guerrillas" will unmask the lies of the opposition-controlled media,



"break with traditional styles, the monopoly of the media and put communication in the hands of the people".

Why call them guerrillas? The terminology was first used by Vice president Elias Jaua during one of president Chavez's recent events,

and it quickly caught on. "Guerrillas have several characteristics", said Navarro, "mobility, autonomy, versatility and they respond to the interests of the people... and this can also be attributed to communication. They do not have to wait for someone to tell them

what to do, but instead they automatically act and respond".

The shots these guerrillas will fire will be those of ideas, responding to and challenging mass media campaigns. "This is an ideological force", said Navarro, "and not an urban militia", as

the hostile mainstream media has tried to claim. Venezuelan Minister for University Education, Edgardo Ramirez, also backed the new initiative, explaining that, "Wherever there is terror, there are guerrillas. And in Venezuela the corporate media sow terror, instigate coups and try to drive the population to violence".

## COMMUNITY MEDIA

The Chavez government's strategy of encouraging and helping to create community media is beginning to pay off. Local radio and television stations and print magazines are flourishing as never before. At least two major daily newspapers, *Vea* and *Correo del Orinoco*, now present a more balanced, representative vision of how a majority of Venezuelans see events in their nation.

Venezuela has the highest usage of Internet in Latin America, in part due to a major government initiative to provide free Internet and computer Infocenters throughout the nation. A new generation of Bolivarian web users is now challenging the free run that the opposition has enjoyed on the Internet and on social networking sites like Twitter and Facebook.

And Venezuelans who support the Bolivarian Revolution also have their own television communication guerrilla stars. Jorge Amorin, a young revolutionary, uses his microphone and camera as an ideological weapon to challenge opposition leaders during marches and demonstrations, who often respond with undisguised class hate or physical attacks against him. These young TV reporters use biting humor and sarcasm to discredit the Chavez haters, though, to be fair, the latter can do the job perfectly well themselves. The new and pioneering media initiatives would have been unthinkable a few years ago, as the Venezuelan opposition dominated all media outlets, leaving little room for others to have a voice.

The "communication guerrillas" project will encourage the Bolivarian camp to continue to contest and occupy space in the national and international media, with a new generation of media-savvy youth at the forefront.

T/ Supriyo Chatterjee



# Socialist Areperas offer food at a reasonable price

**Menus include all the typical Venezuelan foods at a reasonable price**

The Socialist *Arepera* is a program of the Corporation of Socialist Markets (COMERSO) and the first one is located in Parque Central, in the middle of downtown Caracas. It operates from 7am to 7pm, Monday to Friday and has created jobs for over 50 community members. Employees work two shifts and the majority of products come from other socialist companies and the Venezuelan Agrarian Corporation.

A second Socialist *Arepera* opened in Maracaibo, Zulia State, last week. In the cable car station in Caracas near the Wairaira Repano mountain, another *Arepera* is set to open.

The idea is not only to create a community-based business, but also to create jobs for locals and combat price speculations from



Community members serve low cost, high quality typical meals at the new socialist restaurants

private companies. A typical plate at a Socialist *Arepera* costs more than 10 times less than its private counterpart. The Venezuelan Government launched the initiative earlier this year to fight against major price hikes imposed by private corporations. While the Socialist *Areperas* offer products at a reduced cost, they guarantee the same quality, if not better. Additionally, the government-subsidized companies provide for community-based jobs and help to create a new concept of work that directly relates to a localized economy.

Over the next few months, menus are expected to increase and more socialist companies are scheduled to open. Eventually, the Venezuelan Government hopes to overcome the mass price speculation and rising costs that affect the quality of life of the nation's citizens.

T/ CO

# Venezuela celebrated seven years of free, integral healthcare

**The innovative healthcare program, Barrio Adentro, has changed Venezuela's health care system forever, creating a new, humanistic approach to medicine and people care, along with the support and solidarity of Cuba**

In 2003, when *Barrio Adentro* began as an initial cooperation program with Cuba, critics were skeptical of its capacity. Some even accused the Chavez administration of allowing "Cuban spies" into Venezuela to "indoctrinate" poor Venezuelans. But the true mission of *Barrio Adentro* was to aid Venezuela's majority poor, many of whom had never seen a doctor in their entire life, yet alone receive free, advanced and integral care.

Last week, this pioneering program celebrated seven years of providing wholesome



and far-reaching health services to millions of Venezuelans across the nation. More than 400 million consultations have been given through *Barrio Adentro*, the majority of which were conducted by Cuban doctors and health care practitioners as part of an exchange agreement between the Venezuelan and Cuban governments.

Over 350,000 patients with diabetes have been attended to and 36,000 patients have grown through rehabilitation programs – all for free.

During the celebration of the seventh year anniversary of *Barrio Adentro*, Venezuelan president Hugo Chavez applauded the initiative, exclaiming, "The marvelous impact of this program is often forgotten".

By 2010, *Barrio Adentro* has in-

stalled and provided a wide variety of high quality and advanced medical services, including electrotherapy, hydrotherapy, natural medicine, rehabilitation centers, diagnostic clinics, laboratories and gymnasiums for children, amongst other programs and initiatives.

Almost 7,000 new free clinics have been built and 557 integral rehabilitation centers, along with 27 advanced technology centers that attend to patients 24 hours a day.

"Cuba is and will continue to be vital for us, and this type of program is only possible in socialism", declared Chavez, also adding that now Venezuela has "10 types of vaccines for 14 different illnesses, and so far more than two million people have been vaccinated. Before this program, only wealthy people were able to get vaccines. This has all changed now, thanks to the help and solidarity of the Cuban people and the Bolivarian Revolution".

T/ Eva Golinger



### OPINION

# Venezuela needs an economic development strategy

Throughout Venezuela's record-breaking economic expansion, the government's opponents—which include most of the international media as well as Washington—were “crying, waiting, hoping,” as the rock and roll legend Buddy Holly once sang. The “oil bust” had to be just around the corner, they prayed and wrote. But for five and a half years from the first quarter of 2003, when the Chavez government got control of the state-owned oil company, the real economy grew by 95 percent. Poverty was cut in half and extreme poverty by 70%, social spending per person more than tripled, and access to health care and higher education rose sharply. The voters rewarded Chavez with a re-election by his widest margin ever, 63% in 2006.

Then, at the end of 2007, as the US economy lapsed into recession, the Venezuelan economy began to slow. In the fourth quarter of 2008, world oil prices suddenly collapsed, falling in six months from a peak of \$137 to just \$41. Venezuela went into recession for the first time since the opposition oil strike of 2002-03, with the economy contracting by 3.3 percent in 2009. The prayers of Chavez's enemies were answered; Venezuela's “oil boom,” like the last one from 1973-1977 had finally gone bust. Economic collapse would follow.

But will it? If we look at what happened in Venezuela's recession, it does appear that it could have been avoided altogether. Private spending, which was already slowing throughout 2008, dropped further when oil prices collapsed in the last quarter of 2008. At this time, the government needed to provide a strong fiscal stimulus, expanding public spending as necessary to compensate for the fall-off in private demand. But it did not. Instead, public sector growth fell off sharply, increasing by only 0.9 percent in 2009, as compared to 16.3 percent in 2008.

There has long been a double standard regarding fiscal policy—one that the IMF and other multilateral lenders have often promoted—which says that rich countries like the US or the UK should run large deficits to counteract an economic downturn, but that developing countries cannot. Or worse, that they must do the opposite—cut spending and reduce public deficits during recessions. But in fact developing countries can successfully use expansionary fiscal policy to counteract recessions.

The constraint that developing countries face in pursuing expansionary fiscal policy during a recession is that they must maintain an adequate level of foreign exchange to avoid a balance of payments crisis. This is different from the US, which can pay for its imports in its own currency.



Venezuela ran a huge current account surplus in 2008—meaning that it was accumulating dollars. When oil prices plunged, this surplus quickly collapsed into a deficit—but only for six months. The government dipped into its international reserves in order to pay for imports. But it did not need to let the economy shrink. It could have dipped further into reserves, since these have remained sizeable, reduced capital flight, or even borrowed internationally as much as necessary. Venezuela's foreign public debt is quite low, just 11 percent of GDP, and its total public debt is only 20 percent of GDP (as compared to about 100 percent of GDP in the U.S.). Remember, the government does not need foreign currency for the stimulus itself; it only needs enough to cover its imports in a growing economy (as opposed to a shrinking economy, in which imports also fall), and to maintain adequate reserves.

All this is important because it shows that the growth of Venezuela's economy is not so directly tied to oil prices as most people think it is. The government has the capability to maintain steady growth as oil prices fluctuate, especially when it has such a low level of pu-

blic debt and a relatively high level of international reserves.

The other major economic problem faced by Venezuela over the last 7 years has been its overvalued currency. In 2003 the government fixed the exchange rate at 1,600 (now re-denominated as 1.6 bolivares) per dollar. It was devalued twice, to 2.15 in 2005, where it remained until January of this year.

The problem is that Venezuela's currency has grown increasingly overvalued at this fixed rate. Venezuela's inflation has been much higher than that of its trading partners (it has averaged 21 percent annually over the last 7 years). This means that, if the nominal exchange rate is held fixed, the currency appreciates in real terms. Assuming that the currency was not overvalued when it was originally fixed, it would have to have fallen to about 5.13 to the dollar by the beginning of this year, in order to keep the same real exchange rate. At the fixed exchange rate, it was probably more than 130 percent overvalued.

An overvalued exchange rate makes Venezuela's exports expensive in foreign markets and its imports artificially cheap. This

makes it difficult, and perhaps impossible, for Venezuela to diversify its economy away from oil—and in fact the country has not done so during the past 7 years.

On January 9 the government devalued the currency to 4.3 bolivares per dollar, for most imports. At the same time, a higher rate of 2.6 per dollar was established for sectors deemed essential, which include food, education, science and technology, health, machinery and equipment, family remittances and transfers to students living abroad.

The devaluation brings the exchange rate much closer to a competitive level. But it probably has farther to go, and unfortunately as inflation continues at high rates, the currency's overvaluation in real terms will increase rapidly. The inflation itself is a secondary problem; at 25.1 percent for 2009 (down from 30.9 percent the prior year), it needs to be lowered. But it is not that far over the boundary of 20 percent that much of the macroeconomic research sees as reducing growth (although there is a wide range of disagreement on this among economists).

Venezuela would probably be better off with a more flexible but still managed exchange rate regime, keeping its capital controls but maintaining a competitive exchange rate so that the economy can diversify away from oil. This would at least allow for the possibility of pursuing an economic development strategy, something that—after decades of neoliberalism—is still pretty much absent among governments in the western hemisphere.

In the mean time, oil prices have recovered quickly and are currently at \$80 per barrel. It should not be difficult for the government to restore rapid economic growth this year if it so chooses. The US Energy Information Administration is projecting that world oil prices will rise fairly steadily to \$98 dollars per barrel by 2020, although such long-range projections are uncertain. Venezuela is sitting on what are now acknowledged to be the largest oil reserves in the world, an estimated 500 billion barrels; the country currently takes less than a billion barrels per year out of the ground. Foreign oil companies are showing renewed interest in joint ventures with the government.

The Chavez government will most likely have plenty of room to try new economic and political experiments and learn from its mistakes as well as successes, so long as the government continues to have control over its oil resources, and gets its basic macroeconomic policies right.

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