

# Venezuela: Going Beyond Survival, Making the Social Economy a Real Alternative

By [Prof. Michael A. Lebowitz](#)

Global Research, August 11, 2006

Socialist Project E-bulletin, No. 31 10 August  
2006

Region: [Latin America & Caribbean](#)

Theme: [Global Economy](#)

The rations of slaves were never fixed. And so, too, it has always been possible within capitalism for workers and citizens, through their struggles, to secure themselves some share of the benefits of social labour. Capitalist globalisation and the offensive of neoliberal state policies, however, encroached upon all those gains from past struggles; and the answer to those who were surprised to find those victories ephemeral was the mantra of TINA— that ‘there is no alternative’. Yet, as the devastation of the capitalist offensive has become obvious, opposition has emerged especially in Latin America. Working people around the world look here these days for the demonstration that ‘a better world is possible.’

But, are they right to look here? Is a real alternative emerging here or is it merely a negotiation of better terms in the implicit contract with capitalist globalisation? Is it possible for a new social economy or solidary economy to develop within the nooks and crannies of global capitalism or are those islands of cooperation nurtured by states, NGO’s and church charities merely positive ‘shock absorbers’ for the economic and political effects of capitalist globalisation?

I propose that in the five Latin American countries where opposition to neoliberal state policies has produced recent important governmental changes, there is only one case at present where the changes occurring can make the social economy a real alternative to capitalism. Let me indicate my premises and my reasoning.

Firstly, what constitutes a real alternative to capitalism? I suggest that it is a society in which the explicit goal is not the growth of capital or of the material means of production but, rather, human development itself— the growth of human capacities. We can see this perspective embodied in the Bolivarian Constitution of Venezuela— in Article 299’s emphasis upon ‘ensuring overall human development’, in the declaration of Article 20 that ‘everyone has the right to the free development of his or her own personality’ and in the focus of Article 102 upon ‘developing the creative potential of every human being and the full exercise of his or her personality in a democratic society.’

In these passages (which are by no means the whole of that constitution), there is the conception of a real alternative— a social economy whose logic is not the logic of capital. ‘The social economy,’ President Hugo Chavez said in September 2003, ‘bases its logic on the human being, on work, that is to say, on the worker and the worker’s family, that is to say, in the human being.’ That social economy, he continued, does not focus on economic gain, on exchange values; rather, ‘the social economy generates mainly use-value.’ Its

purpose is 'the construction of the new man, of the new woman, of the new society.'

Beautiful ideas. Beautiful words. But, of course, only ideas and words. The first set comes from a constitution and the second, from the regular national educational seminar known as 'Alo Presidente'. How can such ideas and words be made real? I want to propose four preconditions for the realisation of this alternative to capitalism and then want to talk about what has occurred in Venezuela.

(1) Any discussion of structural change must begin from an understanding of the existing structure— in short, from an understanding of capitalism. We need to grasp that the logic of capital, the logic in which profit rather than satisfaction of the needs of human beings is the goal, dominates both where it fosters the comparative advantage of repression and also where it accepts an increase in slave rations.

(2) It is essential to attack the logic of capital ideologically. In the absence of the development of a mass understanding of the nature of capital— that capital is the result of the social labour of the collective worker, the need to survive the ravages of neoliberal and repressive policies produces only the desire for a fairer society, the search for a better share for the exploited and excluded— in short, barbarism with a human face.

(3) A critical aspect in this battle of ideas is the recognition that human capacity develops only through human activity, only through what Marx understood as 'revolutionary practice,' the simultaneous changing of circumstances and self-change. Real human development does not drop from the sky in the form of money to support survival or the expenditures of popular governments upon education and health; nor is it fostered by the petty tutelage and hierarchical decision-making of statist societies. The conception which challenges the logic of capital is one which explicitly recognises the centrality of self-management in the workplace and self-government in the community as the means of unleashing human potential— i.e., the conception of a social economy, a solidary economy, indeed, of socialism for the 21st century.

(4) But, the idea of this solidary economy cannot displace real capitalism. Nor can dwarfish islands of cooperation change the world by competing successfully against capitalist corporations. You need the power to foster the new productive relations while truncating the reproduction of capitalist productive relations. You need to take the power of the state away from capital, and, you need to use that power when capital responds to encroachments— when capital goes on strike, you must be prepared to move in rather than give in. Winning 'the battle of democracy' and using 'political supremacy to wrest, by degrees, all capital from the bourgeoisie' remains as critical now as when Marx and Engels wrote the Communist Manifesto.

Are these conditions present in the new Latin American governments on the Left? On the contrary. For the most part, the pattern displays the familiar characteristics of social democracy— which does not understand the nature of capital, does not attack the logic of capital ideologically, does not believe that there is a real alternative to capitalism and, accordingly, gives in when capital threatens to go on strike. (This is a perspective crystallized in the statement of the social democratic Premier of British Columbia in Canada at a time when I was Party Policy chairman— 'We can't kill the goose that lays the golden eggs.') While it is too soon at this point to judge the course of developments in Bolivia, let me suggest that something different has been happening in Venezuela. I want to turn to that now— both what has happened and the current struggles.

## The Venezuelan Path

The Bolivarian Constitution does not only stress the goal of human development. It also is unequivocal in indicating that human beings develop their capacity only through their own activity. Not only does Article 62 declare that participation by people is 'the necessary way of achieving the involvement to ensure their complete development, both individual and collective,' but that Constitution specifically focuses upon democratic planning and participatory budgeting at all levels of society and (as in Article 70) upon 'self-management, co-management, cooperatives in all forms' as examples of 'forms of association guided by the values of mutual cooperation and solidarity.'

With its emphasis upon a 'democratic, participatory and protagonistic' society, the Bolivarian Constitution definitely contains the seeds of the solidary economy, the seeds of socialism for the 21st Century; and, those particular elements continue to inspire the Venezuelan masses. Yet, that constitution also guarantees the right of property (Article 115), identifies a role for private initiative in generating growth and employment (299) and calls upon the State to promote private initiative (112). That constitution, in short, supports continued capitalist development, and this was precisely the direction of the initial plan developed for 2001-7. While rejecting neoliberalism and stressing the importance of the State presence in strategic industries, the focus of that plan was to encourage investment by private capital— both domestic and foreign— by creating an 'atmosphere of trust'.

To this was to be added the development of a 'social economy'— conceived as an 'alternative and complementary road' to the private sector and the public sector. But, it is significant how little a role was conceived for the self-managing and cooperative activities by which the 'complete development, both individual and collective' of people was to be achieved. Essentially, this was a programme to incorporate the informal sector into the social economy; it is necessary, the Plan argued, 'to transform the informal workers into small managers.' Accordingly, family, cooperative and self-managed micro-enterprises were to be encouraged through training and micro-financing (from institutions such as the Women's Development Bank) and by reducing regulations and tax burdens. The goal of the State was explicitly described as one of 'creating an emergent managerial class.'

Class struggle, however, nurtured the seeds of that social economy so that it increasingly was seen as the alternative to capitalist development. Even though the initial measures of the government to allow it to pursue its 'Third Way' orientation were not an attack on capitalism as such, the response of Venezuela's pampered oligarchy (supported fully by US imperialism) — first through its coup of April 2002 and then through the bosses' lock-out of the winter of 2002-3— mobilised the masses in workplaces and communities and drove the Bolivarian Revolution along a path moving away from capitalism.

As government revenues revived in the latter part of 2003 (with the effective re-nationalisation of PDVSA, the state oil company), new missions in health and education began to demonstrate the real commitment of the Bolivarian government to wipe out the enormous social debt it had inherited. Mission Mercal, building upon the experience of government distribution of food during the general lockout, began in early 2004 to provide significantly subsidized food to the poor (and continues to expand at the expense of the capitalist sector). Yet, the question remained— how were people to survive? How could the growing confidence and sense of dignity felt by the exploited and excluded as they emerged from the education programs be nurtured rather than disappointed?

The answer in part was the creation in March 2004 of Mission Vuelvan Caras (Turn your Faces), a programme for radical endogenous development oriented to building new human capacities both by teaching specific skills and also preparing people to enter into new productive relations through courses in cooperation and self-management. And, the context in which this was occurring was one in which President Chavez was directly attacking what he called the 'perverse logic' of capital and stressing the alternative— that social economy whose purpose is 'the construction of the new man, of the new woman, of the new society.'

While productive activity under these new relations has been expanding (with the number of cooperatives increasing from under 800 when Chavez was first elected in 1998 to almost 84,000 by August 2005), though, how much of an alternative to capitalism can this provide? The new cooperatives fostered and nurtured through Vuelvan Caras are destined to be small and not likely (certainly at their outset) to be major sources of accumulation and growth. Nevertheless, in their emphasis upon replacing the system of wage-labour with one based upon cooperation and collective property, they are a microcosm of an alternative to the logic of capital; and, since the general lock-out, they have been complemented by a drive for self-management and co-management on the part of workers both in state industries and also in closed factories.

In the last year, solidarity rather than self-interest has become a major theme in discussions of the social economy (now renamed socialism for the 21st century). Drawing upon Istvan Meszaros's discussion (in his *Beyond Capital*) of Marx's conception of the communal society, President Chavez a year ago called for the creation of a new communal system of production and consumption— one in which there is an exchange of activities determined by communal needs and communal purposes. We have to build, he announced in his July 17 'Alo Presidente' programme, 'this communal system of production and consumption, to help to create it, from the popular bases, with the participation of the communities, through the community organizations, the cooperatives, self-management and different ways to create this system.'

At the heart of this conception is protagonistic democracy— the combination of democratic development of goals at the community level and democratic execution of those goals in productive activity. New communal councils (based upon 200-400 families in existing urban neighbourhoods and 20-50 in the rural areas) are a critical part of this process. These institutions are now being established to democratically diagnose community needs and priorities. With the shift of substantial resources from municipal levels to the community level, the support of new communal banks for local projects and a size which permits the general assembly rather than elected representatives to be the supreme decision-making body, the new communal councils provide a basis not only for the transformation of people in the course of changing circumstances but also for productive activity which really is based upon communal needs and communal purposes.

On the side of production, there is a substantial expansion of new state companies, the introduction of co-management in basic industry beginning in the state aluminum firm ALCASA and the creation of a new institution— the *Empresas de Produccion Social* (EPS). The concept of these new companies of social production is that they both make a commitment to serving community needs and also incorporate worker management. Drawn from a number of sources— existing cooperatives (now committing themselves to the community rather than only collective self-interest), smaller state enterprises and private firms anxious to obtain access to state business and favourable credit terms), the logic of the EPS is to reorient productive activity away from exchange value to use-value— by

linking to the community and to the state sector as part of production chains as suppliers and processors. The goal, in short, is to move progressively away from the separation of the collective worker inherent in commodity production to a concept of solidarity within the society.

When you look at this picture, you understand better Chavez's statement at the 2005 World Social Forum in Porto Alegre about the need to 're-invent socialism,' the need to develop new systems that are 'built on cooperation, not competition.' Capitalism, he stressed, has to be transcended if we are ever going to end the poverty of the majority of the world. 'But we cannot resort to state capitalism, which would be the same perversion of the Soviet Union. We must reclaim socialism as a thesis, a project and a path, but a new type of socialism, a humanist one, which puts humans and not machines or the state ahead of everything.'

Which way Venezuela?

It should be apparent from the premises with which we began that only in Venezuela is there at this time a real challenge to capitalism (as opposed to fostering survival strategies and negotiating new terms in the implicit contract with capital). But, is Venezuela succeeding? Certainly, there is an attempt to understand the logic of capital, the effort to attack capitalism ideologically in a battle of ideas and development of the conception of an alternative to capitalism. But, what about the actual creation of that alternative?

In *Build it Now: Socialism for the 21st Century*, a book which will be published next month, I wrote the following about the Bolivarian Revolution:

"The economic revolution, in short, has begun in Venezuela but the political revolution (which began dramatically with the new constitution but requires the transformation of the state into one in which power comes from below) and the cultural revolution (which calls for a serious assault on the continuing patterns of corruption and clientalism) lag well behind. Without advances in these two other sides, the Bolivarian Revolution cannot help but be deformed."

While the Bolivarian Revolution has definitely succeeded in providing enormous hope and dignity for the poor, it faces many problems and its success will only occur as the result of struggle. Not only a struggle against US imperialism, the champion of barbarism around the world, which is threatened by any suggestion that there is an alternative to its rule. And, not only against the domestic oligarchy with its capitalist enclaves in the mass media, banks, processing sectors and the latifundia. Those are struggles for which the Revolution must be prepared and for which solidarity with that revolution is essential. But, the really difficult struggle, I suggest, is within the Bolivarian Revolution itself.

Many problems have their origin in one question: who are the subjects of this revolution? It is clear who have been the principal beneficiaries— the poor (and especially women) and, thus, its most passionate supporters. Yet, the further development of the revolution requires that not only the needs of people but also their transformative activity drive the revolutionary process.

In this respect, the creation of the communal councils is an absolutely critical step in this process because it creates the space for the self-development of revolutionary subjects. At the same time, however, worker management in what are called 'strategic' state industries has moved backward, and these reversals have demoralised revolutionary workers;

confining them to the adversarial role that they play in capitalism, it reinforces all the self-oriented tendencies of the old society. Without democratic, participatory and protagonistic production, people remain the fragmented, crippled human beings that capitalism produces. Further, if state firms remain characterised by hierarchical decision-making, how long before producers in the companies of social production (EPS) articulated in production chains with them discover that they are themselves little more than associations of collective wage-labourers? Where, then, is the social economy as an alternative to capitalism?

There are, in short, significant contradictions within the Bolivarian Revolution at this time. For some Chavists who want Chavez without socialism, the process has gone far enough. To the extent, then, that there is resistance to decision-making from below (whether in workplaces or communities), the self-development of people will advance only through struggle. But, there is at this point no means of coordinating among organised workers, cooperative members, informal sector workers, peasants and professionals who are prepared to fight for protagonistic democracy in the workplace and in the community; there is no united force from below demanding transparency and prepared to fight against corruption and the deformation of the Revolution.

To carry the Bolivarian Revolution forward and to demonstrate the possibility for that 'new type of socialism, a humanist one, which puts humans and not machines or the state ahead of everything,' it is essential to create institutions that foster the development and coordination of revolutionary subjects— people who transform themselves in the course of struggling for a better world. As Hugo Chavez wrote from prison in 1993, 'the sovereign people must transform itself into the object and the subject of power. This option is not negotiable for revolutionaries.'

*This essay was originally prepared for a presentation at the IVth International Meeting of the Solidary Economy at the University of Sao Paulo, Brazil 21-23 July 2006. It was organized by NESOL which conducts research and activities related to economic alternatives. See its website at <http://www.poli.usp.br/p/augusto.neiva/nesol/>.*

*Mike Lebowitz taught at Simon Fraser University and is now living in Caracas. His latest book is *Build it Now: Socialism for the 21st Century* (2006) available from Monthly Review Press.*

The original source of this article is Socialist Project E-bulletin, No. 31  
Copyright © [Prof. Michael A. Lebowitz](#), Socialist Project E-bulletin, No. 31, 2006

---

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Prof. Michael A. Lebowitz](#)

**Disclaimer:** The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants

permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: [publications@globalresearch.ca](mailto:publications@globalresearch.ca)

[www.globalresearch.ca](http://www.globalresearch.ca) contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: [publications@globalresearch.ca](mailto:publications@globalresearch.ca)