

# Venezuela: Suspend Debt Repayments and Create an Emergency Humanitarian Fund

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*There is no doubt that Donald Trump's policies, those of the Lima group [1] and the European powers who seek to impose the usurper Juan Guaidó as President of Venezuela and do not hesitate to interfere in order to succeed, must be opposed. As usual, Washington and its allies are announcing a humanitarian crisis as a pretext for the threat of military intervention in a country that has important quantities of natural resources that they seek to grab. The trick is cheap and must be shown up for what it is. All the more so, that the mainstream media are conniving to prepare public opinion for this possibility. The situation is presented in the starkest of terms: a catastrophic dictatorial regime refuses to allow humanitarian aid to reach its needy population; whereas the self-proclaimed new President wants freedom for his people and calls for international help to release the aid that is blocked at the frontier, to the population.*

This false and misleading image of the situation must be denounced. The Maduro regime is not a dictatorship: opponents may express themselves and call demonstrations, and President Maduro was elected by direct suffrage against opposing candidates. At the same time it is clear that the level of democracy enjoyed in Venezuela during the period that Hugo Chavez was President has withered: when the Maduro government decided to call an election to create a new constituent assembly, the procedure used by Hugo Chavez was not applied. There was no referendum to decide if a general election in order to elect a new constituent assembly was required; the choice of candidates to the assembly was made under pressure from the party and from Maduro. Over the last few years several popular demonstrations have been repressed.

On the other hand, one must not go to the other extreme and hold that what is happening in Venezuela is solely because of manipulation by foreign enemies of the Bolivarian process. Of course the measures taken by Trump since 2017, and the previous less aggressive measures by Obama, [2] cause great difficulties to the authorities and the economy of the country. There is however a measure of responsibility of the Maduro government and the new Bolivarian bourgeoisie that has emerged and prospered in the wake of the new government and President Maduro's PSUV party. The root of the problems goes back a long way.

Beyond the discourse of "21<sup>st</sup> Century Socialism", no real anti-capitalist measures were ever taken in Venezuela and the government largely allowed the local capitalist class to maintain its control over the industrial, financial and distribution sectors of the economy. A large space was also left open to big foreign capital from the US, Canada, Russia, China and Brazil. The effort to diversify the economy was insufficiently developed, so the country has remained heavily dependent on oil and raw material exports. Public participation in policy making was also insufficient and a new sector of privileged bourgeois parasites has

appeared, known as the “Boli-bourgeoisie”. [3]

A previous article published on 28 January 2019, five days after Juan Guaidó proclaimed himself President in place of Maduro, [4] made several criticisms:

“his continuing to repay external debt instead of declaring a moratorium and using the financial resources that would thus be freed up to do more to relieve the humanitarian crisis the Venezuelan people are now suffering. In 2016 the CADTM had called on the Venezuelan government to conduct an audit of the debt with citizen participation ([CADTM AYNA appeals to the Venezuelan government to set up a Citizens’ Debt Audit and offers its support](#)). Other critiques of the Maduro government’s policies coming from the Left are also justified: its failure to combat the capital flight organised with the complicity of the highest authorities of the administration and the government; the continuance of the extractivist exportation model, encouraging exhaustion of the country’s natural resources; the repression against trade unionists and other activists; the development of policies of clientelism and a Constituent Assembly whose actual operation does not live up to the hopes its election had raised.”

These are serious criticisms and they cannot be left unanswered.



At the same time, it is absolutely certain that the proposals made by Juan Guaidó and his supporters are not compatible with the needs of Venezuela and of maintaining its sovereignty. Guaidó wants to facilitate the exploitation of the country’s natural resources and manpower by local and foreign corporations. A victory by Guaidó would mean Venezuela would sink into the debt system to the advantage of its domestic creditors (the old Establishment and the new Boli-bourgeoisie who purchased Venezuelan debt meaning to [profit](#) at the expense of the people) and foreign investors such as big American and European banks and Russian and Chinese corporations, to mention just a few. Guaidó would not end corruption nor the flight of capital or speculation on food and medicine prices. Guaidó represents the traditional idle rich Venezuelan Establishment who have never been interested in developing the Venezuelan economy and whose interests are the opposite to those of the vast majority of the people. An elite who is happy to export the country’s raw materials and import more or less everything else the country needs. An elite that is favourable to paying the foreign and domestic debt, as they are among the holders of the titles.

But beyond all that, another fundamental factor needs to be taken into account: Guaidó’s attempted coup can succeed only if foreign powers intervene directly and succeed in buying off a part of the army (which Trump has made no bones about wanting to do) and fighting

the remaining part. If the intervention now being prepared for is not halted, there will be dramatic consequences for the people of Venezuela, for the entire continent and internationally. The Latin American governments who are allied with Washington against Venezuela are ultra-reactionary. The very names of heads of state such as Jair Bolsonaro in Brazil, Mauricio Macri in Argentina, Iván Duque in Colombia, Jimmy Morales in Guatemala, Martín Vizcarra in Peru, Juan Carlos Varela in Panama and Sebastián Piñera in Chile are synonymous with reactionism. And of course the European powers, in a parade led by France, Germany, the UK and Spain, fearful that they might miss an opportunity to get a piece of Venezuela's natural wealth, have rushed to get in line behind the United States and recognize Guaidó. The former colonial powers must be denounced for conducting such policies while at the same time not hesitating for a moment to lend their support to true dictatorships like that of Abdel Fattah el-Sissi in Egypt, Idriss Déby in Chad, and Mohammed Ben Salman in Saudi Arabia, who is killing the people of Yemen and had an opposition journalist literally butchered in his embassy in Istanbul. The government of the State of Israel, which is responsible for war crimes against the Palestinian people, also supports Guaidó. The dominant media repeat as if by rote that the "international community" supports Guaidó, without mentioning the fact that sixty countries have announced that they continue to recognize the Maduro government. Only fifty support Guaidó. Note that the Centre-Left governments of Mexico and Uruguay refuse to fall in line with the Lima Group countries and have offered to act as mediators – a fact very rarely mentioned in the press.

For all these reasons, working-class political movements must refuse any contact with Guaidó and his backers. Guaidó must be unequivocally denounced and combated as a putschist, a representative of big capital and a traitor to the Venezuelan nation because he has called for armed intervention from Washington and its allies. And, faced with threats of a foreign intervention that is anything but imaginary, there is no other choice than to try to organize as broad a front as possible to oppose it. Of course, to avoid an escalation of the conflict, the two opposing camps must negotiate; but working-class political movements must refuse to meet with Guaidó, since he would only instrumentalize them to cloak himself with legitimacy. They must also maintain their autonomy and their ability to criticize the Maduro government.

Faced with the various forms of aggression adopted by Washington and its allies, and in order to improve living conditions for the people of Venezuela, the Maduro government should apply the proposals made by the Venezuelan economist Simón Andrés Zúñiga in an article entitled "Venezuela: El bloqueo y pirateo de fondos obligan a una moratoria de la deuda" ("The blockade and the theft of government funds demand a debt moratorium" – [also available in French](#)).

The author of the article begins by stating:

"The stratagem of 'humanitarian aid' must not be underestimated, because it is one of the most powerful political tools for ideological manipulation used by the forces who are prepared to crush any expression of sovereignty and independence. They want to convince the population, or a large part of the population, that the government is violating human rights by refusing to let the invaders pass."

Zúñiga warns:

“Papering over the objective conditions the working population is suffering under is a suicidal attitude, the equivalent of running away from reality. It’s quite simple: the price of a medication in a pharmacy can easily be in excess of two week’s or a month’s wages for working men and women, and that can be seen on the cash-register receipt.”

The article proposes that “...against the Trojan horse of ‘humanitarian aid’ promoted by the US and its allies to justify violating and taking control of Venezuelan territory, while at the same time fraudulently blocking access to Venezuela’s sovereign deposits and assets, the government should organise a mobilisation of the people in solidarity, involving all organisations and communities, in order to meet priority health and nutritional needs as well as organise to resist the criminal siege.

This should be done by means of a broad appeal for participation by all sectors in determining priorities for the use and control of existing resources. It would be an agenda of solidarity and support with broad popular participation, as opposed to the mendacious and cynical ‘humanitarian aid’ agenda.” The proposals contained in the [balance](#) of the article, which we can support, can be summed up roughly as follows. We have added certain items while keeping the content of the proposals intact. Obviously applying them would require a change of direction, and depends on the will as well as the ability of the people’s movements to make them their own and insist that they be applied. Unfortunately it seems improbable that they will take concrete form, but they do show that there is a way out of the humanitarian crisis.

1. Faced with the aggressive measures taken by foreign powers who have not hesitated to confiscate assets of the Republic of Venezuela deposited abroad and which are necessary for maintaining commercial exchanges, the government must declare a suspension of repayment of foreign debt.

We would add that international law permits a country facing an emergency situation, for example a humanitarian crisis, to decree a unilateral moratorium on debt repayment (without accumulation of [interest](#) or late penalties). And since in addition Venezuela is faced with measures of the type taken unilaterally by Washington without consulting the UN, a unilateral act of suspension of debt repayment is all the more justified.

2. Rather than use its low reserves of hard currencies for repayment of the debt, the government must use them to meet the fundamental needs of the population. As Zúñiga puts it: “The health and nourishment of the people must take priority over repayment of foreign debt.”

3. The moratorium would be accompanied by an open, detailed public audit which, without doubt, would throw light on the numerous manoeuvres and illegal capital flight that have taken place under the protection of the private financial system and of some of the country’s authorities.

4. There are political and economic reasons and legal precedent for supporting a decision of this scope. Unilaterally declaring a moratorium on debt and conducting an audit would be proof of determination to put priorities back in the proper order. The priority use of the nation’s resources must not be to repay debt, but rather to improve the dramatic living conditions being endured by a large part of the population. By suspending repayment, the government of Venezuela would be in a position of strength in its relationship with its

creditors.

5. The suspension of debt repayment would apply to all debts issued by the national government and by PDVSA [the Venezuelan state-owned oil and natural gas company].

6. The implementation of an emergency plan for acquisition of food and medicines for the benefit of the population is inevitable. Simultaneously, financial resources must be invested in developing production of food and medicine at the national level. Priority must be given to local producers.

7. A solidarity plan for distributing medicines and care for persons suffering from serious diseases such as diabetes, cancer, renal failure, Parkinson's disease and HIV/AIDS, among others, which require ongoing and stable treatment, must be implemented immediately. The same goes for the basic medicines needed by the population. A special effort must be made for the people of Amazonia, who are living with an epidemic of malaria.

8. The government and a front made up of forces opposed to foreign interference must take on this task massively, including both those affected and popular organisations. This inclusive and unifying strategy requires breaking with the culture of paternalism, mystification, clientelism and electoralism which characterises many countries, Venezuela among them. All forces that oppose foreign interference, without exception, must be called to unite. A popular mobilisation is possible and necessary, and if it is led by a broad front it can obtain immediate and effective results to ease the current health and nutritional emergency and the very real threat of outside intervention.

9. These measures and the necessary mobilization must and can be supported by a programme that will multiply resources in order to denounce the masquerade of the fake "humanitarian-aid" programme, which amounts to a miserable 20 million dollars.

10. In the case of certain medicines, the plan must overcome the dependence on imports and move towards producing basic medicines nationally. In that sector, the accent should be put not only on the finished products, but also on acquisition of the necessary active substances and on domestic production, which would promote the use of nationally-produced medicines instead of imported ones.

11. Eliminate the Ministry of Food and Nutrition, which has become an anarchic tangle of blind importations (and a haemorrhage of foreign currencies) and contributes to the destruction of domestic food production. The idea is to centralise policies for promoting and supporting the agricultural sector, both plant and animal, in one place. This entity must have a coherent, coordinated and complete vision of the agricultural sector.

12. Foreign trade must be publicly controlled and information on all transactions must be made transparent.

13. The Communal Councils [the basic structure of the country since 2006 [5]] must play a predominant role in agricultural production. In fact, certain Councils have brought about major improvements in productivity and political awareness.

In another context, several of the proposals listed above had been put forward by the Venezuela Citizens' Debt Audit Platform in 2016-2017. The platform proposed suspending repayment of the debt and conducting a public debt audit with citizen participation with the support of the Committee for the Abolition of Illegitimate Debt (CADTM) and the

participation of social movements and citizen organizations. Paulino Núñez and Oly Millán Campos explain: “The goal is to determine what [share](#) of the debt is odious and illegitimate and therefore must be cancelled before any debt restructuring. Rather than giving priority to debt servicing by the government, the many health and nutrition problems the Venezuelan people are experiencing must be addressed.” [Venezuela : la dette comme expression d’un modèle d’extraction de capitaux permanente et délictueuse](#) (in French). CADTM members in Venezuela have been campaigning for 20 years for an audit of the debt, and since 2016-2017 have called for suspension of payment in the face of the humanitarian crisis affecting the majority of the country’s population.

Given the seriousness of the situation of Venezuela’s people, there should be no hesitation in adopting the proposed suspension of debt repayment in order to create an emergency fund for purchase of medicines and foodstuffs.

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*Translation by Snake Arbusto, Vicki Briault and Mike Krolkowski pour le [CADTM](#) where this article was originally published.*

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## Notes

[1] The Lima Group is at present mainly composed of the following countries: Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Honduras, Panama, Paraguay and Peru. Mexico has stepped back from the informal group since it decided to support the putschist Guaidó.

[2] Economic and financial sanctions were started by Trump in August 2017 :

<https://www.bbc.com/mundo/noticias-america-latina-41055728> Under the Obama administration sanctions were aimed at the Venezuelan personalities in December 2014:

<https://apnews.com/16e5cb67ca184b7aaa32ded6c777c72a> They were started in 2015:

<https://www.reuters.com/article/us-venezuela-usa-visas/u-s-slaps-visa-restrictions-on-current-former-venezuelan-officials-idUSKBN0L620D20150202>

On 8 March 2015 Obama declared that Venezuela was a menace to the United States:

<https://www.hispantv.com/noticias/ee-uu-/23336/obama-ordena-nuevas-sanciones-contra-venezuela>

and Trump prolonged the decree:

<https://www.dw.com/es/extiende-trump-decreto-que-declara-a-venezuela-amenaza-para-ee-uu/a-42808304>

(All links in Spanish)

[3] See my critique of the limits of the Venezuelan policies, published in 2009: [Changements en cours au Venezuela en 2008 – 2009](#) (in French) And this article on the failure of the constitutional revision published in 2007: [The failure of 2 December 2007 can be a powerful lever for improving the process currently unfolding in Hugo Chavez' Venezuela](#)

[4] See : [Emmanuel Macron, Pedro Sanchez, Angela Merkel and Theresa May Have No Right to Issue an Ultimatum to Venezuela](#)

[5] The institution of the Communal Councils (Consejos Municipales) in 2006, under the leadership of President Hugo Chávez, was strongly characterised by a desire to make citizen participation part of the process of conceiving and executing local policies. The law on Communal Councils or Ley de los consejos municipales (LCC) was adopted on 7 April 2006 (see <http://www.tecnojuris.com/venezuela/gaceta-oficial/administrativo/ley-de-los-consejos-comunales.html> )

The government of Hugo Chávez placed high hopes on these Councils, which it saw as “the basic territorial units of popular participation and self-government.” The power granted the Communal Councils is not negligible, since it empowers a “community” to propose and carry out a project which, beginning with the first year, can amount to 30 million bolivars (which at the time was equivalent to around 10 million euros). The Communal Councils have lost their vitality little by little; now is the time to breathe new life into them.

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