

### **Nora Castañeda** President, Bank for the Development of Women, Caracas, Venezuela

*The Bolivarian revolution has brought progress to Venezuela, overcoming its history of slavery, export-oriented production, large-scale poverty, and loss of social identity. Cuban doctors have been hired to work in barrios where Venezuelan doctors have refused to work. Primary education has been made available to the poor. Micro-finance programs have been created, although they are not really a solution to poverty, just a way of managing it. More important are the public banks, including the Women's Development Bank, which support "development from the inside to the inside" (production of basic needs for people). Although these banks seek to recoup capital they have lent, their purpose is not to make a profit, but to promote development.*



### **Venezuela's Social History**

Venezuela is a rich country inhabited by poor people. When Spanish colonizers came to Latin America and the Caribbean in 1498, they were looking for gold and silver to sustain commercial development in Europe. There was no gold or silver here. Instead, the Spanish found land capable of growing cacao and sugar cane, so they forced the small indigenous population along the coast to work for them on plantations. The Spanish used the sword and religion to further their aims. When the indigenous people died off in large numbers from European diseases and harsh working conditions, slaves were imported to provide cheap labor for the plantations.

The Creoles, the descendants of the colonizers, turned into an oligarchy of slave owners and plantation owners. The other stratum of society was composed of indigenous people, descendants of Africans, and the *mestizos* or *pardos*, who were a mixture of European, Indian, and African ancestry. The dominated class consisted mostly of slaves. That history explains why the distribution of income is still so uneven. The Bolivarian Revolution regards greater equality of income as a central goal of its development agenda.

After independence, we stopped being a Spanish colony only to become an English colony and later a colony of the United States. During the colonial era, until 1930, Venezuela exported tropical products such as cacao and coffee. Later, we exported rubber for the automobile industry and anil for textile dyes. So Venezuela continued to be a producer of export products, functioning as an export economy. No internal market was developed

during the 19th century.

Slaves were liberated at the end of the 19th century, but debt slavery continued on *latifundios* that charged workers for their presence on the land, and paid them with scrip that only circulated on the *hacienda*. Workers were tied to the land by debt. Ezequiel Zamora, a farmer, led the “federal war” (1858-1860), to give free land to free men.

At the end of the 19th century, the second industrial revolution took place. Venezuela suddenly became a supplier of petroleum after the incorporation of the internal combustion engine in trains and ships.

### **The Bolivarian Revolution in Action**

Until 1999, the government followed the neoliberal model of limited public spending on behalf of the poor. The official estimate of Venezuela’s poverty rate was 66%; the unofficial estimate was 80%. The rate declined to 56% a few years after 1999, due to increased public spending and creation of the “Sovereign People’s Bank” and the “Women’s Development Bank.”

The poor also suffered from lack of health care. They were denied entry to hospitals. We will never know the number of people who died because of this. The government now provides medical attention within the barrios. In the past, even leaving a barrio to visit a doctor was difficult due to the high crime rate. It was better to die at home than to be killed in the street. So medical facilities were set up inside barrios, mostly with 10,000 Cuban doctors, because the local doctors were unwilling to work in barrios.

Another issue that needed to be resolved was education. Venezuela used to have fairly good education, but that was lost when public education was neglected and private education grew. The current government adopted a “Robin Hood mission.” It focused on education, starting with the Bolivarian type of schooling, where you implement a few good schools that provide both education and meals for children and increase the number of them over time until all schools are Bolivarian.

Before 1999, Venezuela had lost its culturally diverse identity. We were told that Spain was our motherland. The new government created a cultural mission to improve our identity and to overcome the idea that non-European ancestry is shameful. Now we have a way to recover and appreciate our African roots. For example, yesterday, December 4, was the day of *Chango*. Previously, black people had to celebrate the day of *Santa Barbara* instead so they would not be punished, because *Chango* is an African saint, who could only be celebrated in secrecy.

## WHY GLOBAL POVERTY?

Another part of our culture is our way of articulating our relationship with nature. For our indigenous people, the land is “the motherland – *pa-chamama*.” When women of the barrios water their plants, they talk and sing to them. Capitalism destroyed that harmonious relationship by exploiting the land. We are trying to recover our identity and our old ways.

### Hegemonic International Institutions

Because of financial crises and diminished profit rates in the 1970s, the governments of developed countries formed the G-7 meeting of governments, which later became the G-8 when Russia was incorporated. They decided how to throw their crisis onto Third World countries. This led to the “package of economic standards” that guides the World Bank and IMF. The increasing poverty of our countries came as a result of an intrinsic problem of the capitalist economic cycles. At that time, inflation combined with depression. So intellectuals came up with neoliberalism. In order to reduce the crisis, they perfected the market, which caused growing poverty in developing countries and enclaves of poverty in developed nations.

Market liberalization caused a crisis in Venezuela similar to the ones in Asia and Mexico. Carlos Andres Perez took power in January 1989. In February the crisis/rebellion started, with people resisting such things as increases in prices of oil, transportation, and food, and reductions in public spending. The financial system is an instrument of economic violence to poor people, particularly women, who comprise 70% of the poor. “Informal economies” have increased, chiefly as a result of international policies that force people to live at a subsistence level.

Venezuela is not part of the free trade agreement with North America, but we are part of the WTO. It continues to hold us to treaties that have been signed in the past that tie our hands. Evidently the WTO has brought major conflicts to the structure of industrial capital: we can see that in the scarcity of investment capital for productive assets rather than speculation.\*

### Micro-finance Merely Manages Poverty

Economic organizations have promoted the creation of “micro-finance” as a way to enable the poorest of the poor, mostly women, to manage poverty. But micro-finance is aimed only at administering poverty, not overcoming it. It is one way to maintain and contain the masses of the

---

\* Ed.: This interview was in December 2006. Two years later, the global speculative bubble tied to real estate burst, causing bank failures and depression.

world. Micro-finance expands poverty and therefore it serves the interests of the oligarchies of the world.

In Venezuela, the Bank for the Development of Women, the Bank of the Sovereign People, the Micro-Finance Fund and the micro-finance policy in general were created by President Chávez. They are not our idea. We do not want indebted women managing poverty. We want powerful and independent women who are incorporated into the development process and who benefit from it. Development should not mean women sewing at home sixteen-hour days, seven days a week. We want women to enjoy "integral health" and integral life. That is why we do not follow the saying, "It is better to teach someone to fish than to hand out the fish." We say, "No, when people live in conditions of extreme poverty, we will hand out fish and teach them how to fish."

### **Solution: Public Banks**

The majority of the world's banks are instruments of accumulation of capital. They are mostly instruments that rely on industrial capital to exploit the workers of the world. Now, in Venezuela, national public banks have been created, so we differentiate between the public and private banking systems. The private ones support the development of capitalism and therefore the reproduction of capital.

The public banking system is obliged to serve the people-centered principles of the Bolivarian revolution. Public banks have been operating for many years. These banks are undergoing a transformation, by order of the President of the Republic. Each day more of them take actions that support indigenous development and domestic consumption needs, or "development from inside to inside." This has a lot to do with local development, which makes it similar to the import-substitution model. We want a world that is not based on the reproduction of money but on the historical experiences and communal organization of our indigenous societies, such as agricultural communities that have a personal relationship with the land. We can build it that way. Women, in particular, are involved in that system.

The Women's Development Bank differentiates itself because it is not interested in the accumulation of capital. We still recoup invested capital, but our fundamental objective is to help poor women living in extreme poverty incorporate themselves in the development process. That is what makes our women's bank distinctive. Other banks care only about loan repayment and the profit or interest margins on what they lend. For us that is least impor-

## WHY GLOBAL POVERTY?

tant. We want to recoup the money we lend, so we can continue lending.

When foreign banks were having problems in the early 1990s, the Central Bank of Venezuela lent them money. But after we rescued those banks, they took their profits abroad. They took all their resources and left only their buildings as assets. Since the Venezuelan state had supported them, it took possession of their buildings. Now poor women can use them.

Now we have a regulatory banking commission that serves the interests of the Venezuelan people. Those controls have not prevented us from having the biggest yearly financial gain.

Ordinarily in Venezuela, the regulations of the bank commission require that borrowers provide land as collateral for loans. At the Women's Development Bank (WDB) and the Sovereign People's Bank, we do not require that. We are not subject to the banking laws or the regulatory banking commission. We are subject to the Bolivarian revolution. The WBD does not ask a woman if she owns the land she lives on. Practically speaking, the land belongs to those who work it. So we give these micro loans to women who live on the half-acre they work on.