



**Embajada de la República
Bolivariana de Venezuela
Washington D.C.**

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To the Members of the Inter-American Dialogue:

It was with great interest that I read the recently published report from the Inter-American Dialogue entitled *A Break in the Clouds: Latin America and the Caribbean in 2005*. Though I was roundly disappointed, to say the least, in the negative and one might even say tendentious mischaracterization of the Government of Venezuela, this is not something that is wholly unexpected. There is, after all a well-known dynamic that so-called “experts” will always hew to the common ken, until reality breaks through the clouds and makes acceptable a more objective articulation of what they realize later was a paradigmatic moment, which they should have understood with greater intellectual acuity. Social scientists say that “One cannot replace a theory of how things are with the facts, only with another theory.” The shepherd always guides the sheep; in this case the shepherd is conventional wisdom. Like sheep the report exhibits a poverty of imagination and a paucity of wisdom. One might have hoped for more from the Dialogue; so be it.

Yet, were that the only issue that this reader has with the report, it would not necessarily demand a reaction. Sadly, what is most telling, and I think even most discouraging, about the report, is its astonishing inadequacy reflected in several ways.

Firstly, on page 10, the report specifically calls attention to “the poor economic and social performance of many of Latin America’s democratic governments in the past two decades.” This much is true. However, on page

6, the report actually calls for Congress to adopt a pact that would “firmly lock in the policy reforms that have been widely adopted across the region in the past 15 years.” One is left to wonder what is referred to, given the report’s own characterization of the last two decades in the region as one of “poor economic and social performance”, largely by U.S.-supported governments. The Dialogue’s report simply cannot make up its mind as to whether the reforms it endorses did or did not result in positive changes in the region in a manner that alleviates poverty, thus raising an interesting and relevant question: Should such reforms in fact be “lock[ed] in”? This is an internal philosophical contradiction never textually resolved in the report, despite a recommendation the Dialogue makes to Congress.

So far as I know, none of the major respected studies on the effect of the “Washington Consensus” or “neoliberal” model on Latin America actually recommend its unvarnished repetition. A reader is astonished at the report’s failure to mention that numerous academics, including Dr. Riordan Roett, the Director of the Western Hemisphere Program at the John’s Hopkins School of Advanced International Studies, have actually called for Congress to reject this model. Dr. Roett writes:

“The most obvious failure of neoliberal reforms in Latin America over the last 25 years has been a drastic decline in the region’s rate of economic growth...Unfortunately, the Washington-centered orthodoxy...has a poor record that shows it cannot be expected to resolve fundamental problems. In fact, it has shown that the model may indeed have a tendency to exacerbate them.”

The negative effects of the “Washington Consensus” are implicitly recognized in the Dialogue’s report; yet it is as if the authors simply could not help themselves but recommend a continuation of that failed and flawed model.

Similarly, on page 11, the Dialogue’s report quite correctly states: “Worse yet, there is much evidence that economic growth itself is stymied by the region’s high levels of inequality.” Moreover, Latin America’s massive inequalities make governing more difficult, correctly notes the report. In conclusion the report notes this on page 18: “Sustained growth in the region requires that inequality be reduced.”

All this is true.

Still, one is left to wonder whether the authors of the Dialogue's report read an article recently penned by Evelyne Huber and Fred Solt and published in the *Latin America Research Review* in October 2004. Titled "Successes and Failures of Neoliberalism," the study, which assesses reforms in the region, concludes that "...[E]conomic growth certainly did not trickle down and did nothing to relieve the higher levels of poverty in the more liberalized economies. If we consider the poverty data in conjunction with the inequality data, this seems to be a great understatement." More alarmingly, given what the Dialogue's report recommends, the Huber and Solt study pointedly notes, "that higher levels of neoliberalism...are associated with rising inequality." In light of this, one is perplexed by the Dialogue's report. The reader is left to conclude that the organization must believe in the absurdity that error is cured by repetition. How else to explain the evident contradiction of recognizing the threats of poverty and inequality while pushing policies that have historically made both of those worse?

There is little doubt, as the Dialogue notes, that poverty and inequality are two of the region's most pressing problems. I was disappointed to see that while the report mentioned the importance of addressing these issues, it gave no credit to the Government of Venezuela for developing and promoting innovative and community-based programs to address education, health, housing, food security, and culture. Venezuela's various *misiones* have reached out to the millions of Venezuelans who were excluded by the previous system of democratic governance, providing the essential tools so that the Venezuelan people can more fully participate as citizens in their democratic processes and compete more ably in an increasingly globalized world. Venezuela's social spending is far outpacing that of many of its neighbors, and its social policy has been widely recognized by international organizations and could well serve as an alternative path to development. I believe that at least some effort should have been made to recognize these efforts and their contribution to facing poverty and inequality head-on.

The Dialogue explicitly acknowledges that any effort by any leader in Latin America to change a country's high levels of inequality will lead to conflict and division. Yet, instead of applauding President Chavez's efforts to close the gaps in opportunity and income in a highly politicized environment and against the backdrop of a coup and other anti-democratic actions by a splintered and largely unrepresentative opposition, the report condemns the

President of Venezuela for the divisions that exists in the country, divisions which the report admits are endemic to the necessary efforts to promote fairness and fight inequality. Why is this? If President Chavez has made the fight for greater fairness and equity the centerpiece of his tenure, why is that the consequent and expected political divisions are blamed solely on him?

In reading the report, I am disappointed that the Dialogue seems to be reverting back to the discredited “one-size fits all” conception of democracy and development for the hemisphere. Though promoted as one of the country’s most respected institutions of policy and analysis on issues of importance to Latin America and inter-American affairs, I scarcely see the progressive and innovative thinking in this report that is often expressed by members of the organization at its many open meetings.

Furthermore, I cannot help but feel that the Dialogue’s language on Venezuela is shortsighted and tends towards the baseless accusations lobbed by certain extreme elements of the Venezuelan opposition and parroted by a privately held media whose adherence to journalistic standards is questionable, at best. The report echoes accusations of President Chavez’s alleged promotion regional instability, though it chooses not to offer any evidence for such a claim. It fatalistically describes the Law of Social Responsibility for TV and Radio as “curtailing freedom of the press,” disregarding the fact that freedom of expression and the press continues in its usual vibrancy.

The report also places Venezuela – whether on purpose or by mistake – above Haiti as one of the region’s preeminent trouble spots. Venezuela has no objection to being named in the same sentence as Haiti – who as one of the world’s first independent black republics contributed decisively to Venezuela’s own independence and has also suffered foreign interventions meant to undermine democratically elected governments that strayed from the traditional thinking on political, economic, and social development. This being said, we should recognize the distinct seriousness of the challenges Haiti faces, and not attempt to compare those to the troubles anywhere else in the continent. Doing so simply excuses U.S. and Latin American policymakers from the responsibility they have towards that Haitian people.

In short, I believe the report lacks original thinking, critical analysis, or progressive proposals for change and tends towards the trap of promoting a policy of isolation for Venezuela that has been outwardly rejected by every

country in Central America, South America, the Caribbean, and Canada and Mexico.

The Government of President Hugo Chavez is striving for the kind of social and economic change called for in the Dialogue's report and repeatedly endorsed by the Venezuelan people. If macro-economic indicators cannot serve to highlight this point (though I do find it important to note that Venezuela enjoys some of the highest growth rates in the region, not to mention decreasing interest rates, a growing stock market, decreasing inflation, and increasing reserves), maybe the progress made in the country's social programs can.

One might have hoped for the Dialogue to offer its readers even a fragmentary description of the positive reforms happening in Venezuela, something to balance its otherwise completely negative view of my country's government. Instead there is nothing but words, constrained in the straightjacket of acceptable conventional thought seeking to pass for profound economic and political wisdom.

When one reads a failed report such as this, one that in its conception, I am sure, held such promise, one can only react with sadness that the opportunity to educate policymakers has been lost, at least in this moment.

I look forward to a time when we can participate together in a forum where the clichés so popular among Washington's political class can be dropped in favor of words that speak thoughts of real and not received wisdom. For when this happens, we will truly see a break in the clouds that constitute conventional political thought, and the United States will find its way to the light of what is really happening in the region. As I noted in speech I gave to a roundtable discussion with other ambassadors before the House Subcommittee on Western Hemisphere Affairs: "There is a fundamental challenge that the U.S. faces in Latin America. That challenge is best posed in the form of a question. The question is this: Is the intention of the U.S. in Latin America one guided by a broad principle of democratic development, or is it limited by the narrow dogma of hegemony?"

Latin America is changing, and changing rapidly. I would expect the Inter-American Dialogue to do its best to track these changes, analyze them, and respond to them for the benefit of U.S. policymakers and inter-American debate and discussion. Regardless, we in Venezuela -- whatever the myths

that institutions and organizations seek to propagate about our vision, and our country -- will hold true to the idea that social, economic, and political equality is our right to achieve without the need to ask the permission of any other country, regarding either substance or form. This we have the opportunity to do, and the right to do, without interference, and as we see fit, and we have and will continue to do so with the cooperation of any country of the hemisphere, regardless of any differences that may exist between us. We will do so consistent with fidelity to our traditions, and with full respect for our national heritage, as is the sovereign right of our country and the natural right of our citizenry.

With respect and sincerity, I remain,

The image shows a handwritten signature in cursive script, which appears to read "Bernardo Alvarez Herrera". To the right of the signature is a circular official seal. The seal features the national coat of arms of Venezuela in the center, surrounded by the text "REPUBLICA BOLIVARIANA DE VENEZUELA" at the top and "EMBAYADA EN LOS ESTADOS UNIDOS DE AMERICA" at the bottom.

Bernardo Alvarez Herrera
Ambassador of the Bolivarian Republic of Venezuela
Washington, D.C.