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# Response to Addo

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# Response

Vivian Sequera

## I. Introduction

The world is a mess. Look around and you will find not one but dozens of reasons to be pessimistic—if not very cynical—about the future of this planet and its people. According to Professor Herb Addo, what we have to be in this world of mess are “creative pessimists.” The “creative pessimist” is the idea that “Well, I lost my house in an earthquake (or because I bet it on a blackjack table in Las Vegas), and now I need another one; so I better start moving to get it.” Tears, anger, and regret provide emotional relief but not a solution.

As I always say to my colleagues and about myself, journalists, with few exceptions, are pretty light. A former WPI fellow and university professor of mine in Venezuela used to say that reporters were people with an ocean of knowledge that is only one foot deep. For that reason, I am afraid that what Professor Addo says in his paper may sometimes be translated by me in my exposition into something that is one foot deep. I am saying this because, in the face of the changes that we are watching, reporters and common people tend to be very simple-minded. For reporters, perhaps those changes mean only another day of work, while for people, the concern is dinner and the seven o’clock news. But sometimes we come across someone like Professor Addo who lifts the scales from our eyes and explains to us how daily events might mean something more profound than they seem.

We might or might not agree with all he articulates, but the point is that at least there are still thoughtful people around who take some time to try to give meaning to what is going on in this messy world. Sometimes, I forget the existence of thinkers because daily reality is so immediate. Nevertheless, human beings need an answer to the “why,” an explanation that can equip us to comprehend complexities. We need to know what is going on around us in order to make intelligent decisions and, consequently, make our lives better.

According to Professor Addo, what is currently happening in the world is a “movement of accommodation” of the very well-known capitalist system. He tells us that this movement does not mean much change in the system. In fact, he says, the capitalist system will come out of this stronger.

This historical moment, Professor Addo continues, can be seen as a “band of transition” between the end of the Cold War Order and something called a New World Order, the rules and players of which are not yet perfectly clear except for the fact that the so-called countries of the Third World will remain as spectators.

He says that the “North” will also continue sucking resources from the “South” in order to accumulate more capital, something that has been happening for many centuries.

## **II. A Modification**

But, I believe that by the end of the Cold War Order, something about this “North-South” relation changed — and changed a great deal. Some countries from the South have been penetrating the U.S. and European markets with very high quality products. American unions and businessmen, with whom I spoke during the last four months of traveling around this country, are worried and complain that they cannot compete with these new producers, mainly from Asia.

Some of these businessmen and union leaders were terrified by the onset of the North American Free Trade Agreement (NAFTA) with Mexico and Canada. So, in what Professor Addo describes as a “band of transition” of times, a “movement of accommodation” of the capitalist system, new actors are appearing who see themselves neither as spectators nor as a traditional source of raw materials for the industrialized world. They exist as formidable new Southern forces that should be taken into account in the making of the New World Order. I do not remember if people were mentioning the Pacific Rim as an actor fifteen or twenty years ago, but the fact is that many of those countries learned the capitalistic lesson and, in some ways, they have become teachers.

In those years of learning, Asian countries (Japan, South Korea, Taiwan, etc.) were engaged in something different from

what we in Latin America were doing, and now the two zones have very different situations. Professor Addo says that what we see in Japan and others is an "authentic cultural hybrid form." These authentic cultures emerged stronger from the struggle with the core because they knew how to maintain their own values.

In this new era of "free trade," some countries like Mexico, Colombia, and Venezuela are coming together to do business. Yes, indeed, we are again copying a "Northern" or "Western" fashion of common and free markets; but I believe that, for the first time, we are doing so in our own way: very deliberately and slowly. After years of dreaming of a free market area in the Andean countries and the rest of the continent, in Venezuela we already have opened our market without restrictions for the products coming from Colombia, Ecuador, Peru, and Bolivia.

Perhaps in a few years, the union of the Andean market (Venezuela, Colombia, Ecuador, Peru, and Bolivia) with MERCOSUR (the trade agreement among Argentina, Bolivia, Uruguay, Paraguay, and Brazil) will become a reality. Outside of the entrepreneurs, many people are skeptical of the advantages of those agreements. For example, the very same day that Venezuela broke diplomatic relations with Peru in May of 1992, businessmen from both countries meeting in Caracas were discussing the opening up of the textile and automobile sectors of both nations. It is interesting to note that before diplomatic relations were restored at the end of last year, the exchange of automotive parts and textile products between Venezuela and Peru had doubled. From 1988 to 1993, trade between Colombia and Venezuela tripled, from \$300 million to more than \$1 billion. Still, people in both countries do not believe in the advantages of trade agreements mainly because those who talk about it are politicians, an animal species not very well appreciated down there.

### **III. Venezuela and the Beginning of the "New World Order"**

In the 1980s, hemispheric political leaders blamed the international banks for the miseries of the Latin American people. During the 1970s, however, it was these same people who borrowed

billions of dollars from the private and multinational banks in the United States and Europe.

In Venezuela, the money was unwisely spent, not invested. For instance, the government created a special fellowship by which any university student could go to any country in the world to finish his or her baccalaureate degree or to complete a master's or a Ph.D. With those fellowships, one could study anything from photography to medicine, from nuclear research to agriculture. The government did not ask for any special requirements and it was willing to pay for all the expenses.

During the 1980s, most of those students returned to Venezuela. When they sought employment, they were disappointed. Many spent—and continue to spend—time in unemployment lines. Neither the state nor the private sector made provisions for this trained and returning manpower. Today, the Venezuelan education system is one of the worst in the world, according to the United Nations. While some of the money was spent on infrastructure such as highways, hospitals, telephone systems, and skyscrapers, a large part of it found its way into the pockets of our political and business leaders.

By December 1988, an overwhelming majority in Venezuela voted for a new five-year-term president, a man who is among the wealthiest in the world: Carlos Andrés Pérez, a social democrat with a long political career. He took over the presidency for the second time in the thirty-five years of Venezuelan democracy. During his first term in the 1970s, Pérez nationalized the oil and iron industries. At that time, oil prices reached almost \$40 a barrel. Those were the times of the Great Venezuela, the land of dreams—wealthy, peaceful, and free times. They were times of fellowships, no taxes, no saving money for the future. Those were also times for borrowing money, big amounts of money.

Let me say here that oil exportation represents 80 percent of our annual national income. By the beginning of Pérez's second term, which began in February 1989, oil prices were down to \$18 a barrel and have been shrinking ever since. So, for Pérez and the country, it was not possible to continue with an economic model based on one product. In the 1970s, a \$40 barrel of oil meant more than a \$14 billion annual budget. In 1994,

Venezuela's annual budget was around \$12 billion. In that same period, the population of Venezuela doubled.

With calamitous market conditions, a heavy international debt of \$38 billion, and almost no international reserves at the Venezuelan Central Bank, Pérez inaugurated his second term with macroeconomic reforms. People did not like it and threw Pérez out of power just when he was about to finish his term.

This is a very brief version of the four years that we in Venezuela call "The Pérez Struggle," during which he resisted two military rebellions and the bloodiest civil riots in democratic times. In the midst of all of this violence, Pérez ended his tenure and was subsequently accused of embezzlement and sent to prison.

For Venezuela, the result is a remaking of an economy highly dependent upon one commodity—oil—and the onset of violent political culture. Together, these conditions have wounded the legitimacy of the state and political class as well as the sense of national dignity and purpose.

For me, the main point is that we were and are a model of a "corrupt cultural hybrid form," that kind of culture that, according to Professor Addo, emerges weaker from the struggle between two different models. We are not Japan; we do not have its centuries of values and tradition.

We did want to follow a model of capitalism, we did want to be among "The Big Seven" countries of the zone but without paying the price of hard work and careful sacrifice. In the heat of the test, we faltered and lost our way. I still remember those headlines in Venezuelan newspapers: "Jean-Bertrand Aristide, the most expensive guest of Venezuela," "Hundreds of Venezuelans are hungry but Pérez wastes (yes, wastes) money on Aristide." The deposed president of Haiti arrived in Caracas the very same night of the military rebellion after Pérez had sent a military plane to his rescue. Such headlines (which you can also read now but in reference to Cubans or Colombians) could not have appeared ten or twelve years ago. Back then, Venezuelans were hospitable and humane.

The new president, Rafael Caldera, has to deal with something even more difficult than inflation or devaluation. He has to deal with 20 million people who are "pessimistic," with no

hope, and, most of all, angry because they believe that someone has robbed them of their wealth, peace, and freedom.

Caldera, a seventy-seven-year-old veteran politician, took office in February 1994 for a five-year term. Since the beginning, the bets have been open: "Can he do it?" In his inaugural speech, he promised that foreign money control and devaluation of the local currency would not be part of his economic program. It took him only five months to reverse that promise and embrace both measures. Meanwhile, the oil market remains unstable. We are working hard to develop the biggest oil reserves in the hemisphere and to obtain the international capital to help us in that mission.

#### **IV. Conclusion**

In all this, can we find any positive meaning in the end of the Cold War Order? Can we say that we are approaching a New World Order? From my perspective, we were and still are spectators. But, unlike the pessimist, I do not think that the condition of a spectator is something to be totally ashamed of. I am naïve enough to believe that we in Venezuela and Latin America are capable of organizing our societies. I look to the future with a "creative pessimism" and say, "OK. That is what we did and that is what we were; what are we going to do now and how?" Whatever the decisions are, none will be easy and fast. We must avoid taking victory for granted. We have already done that once.