

# CHAPTER 10

## Venezuela

### LEARNING OBJECTIVES

- Identify how the three levels of analysis interact in Venezuela.
- Use theoretical propositions to understand political and economic development in Venezuela.
- Explain how and why political and economic development in Venezuela differs from other Latin American countries.

### TIMELINE

1821	Independence from Spain
1908–1935	Dictatorship of Juan Vicente Gómez
1914	First oil well tapped
1945–1948	Democratic government of Rómulo Betancourt increases role of the state
1948–1958	Dictatorship of Marcos Pérez Jiménez
1958	Pact of Punto Fijo reached
1977	Nationalization of oil companies
1989	“Caracazo” riots
1992	Two failed coup attempts
1998	Hugo Chávez elected
2002	Coup briefly removes Chávez from power
2004	Recall referendum against Chávez defeated
2006	Chávez reelected
2007	Constitutional referendum defeated
2009	Indefinite reelection approved
2013	Hugo Chávez died

With exclamations, impromptu singing, finger wagging, and other theatrics, President **Hugo Chávez** conducted his television show, *Aló Presidente* (Hello President) every Sunday. Following a populist model, he connected to Venezuelans by allowing them to make their local concerns heard by the highest national officials. With his cabinet sitting around him, he took phone calls and made instructions to solve problems that callers describe, from housing problems to the effects of natural disasters. Without political parties or any other intermediary, the president took care of the issue personally in an almost textbook definition of clientelism. That led to a hard core of supporters, which has helped carry him in elections and cheer his policies of “twenty-first century socialism.” After his death from cancer in 2013, his supporters pledged to keep his model alive.

Venezuela’s political transformation in recent years has been nothing short of stunning. The country had long been described as the very model of stability and democracy because for decades after the late 1950s, it was free of military intervention or dictatorship. Elections were held regularly and Venezuelans enjoyed more freedom than many of their Latin American counterparts, particularly during the Cold War. Prosperity also seemed more evident, the result of tremendous oil reserves. In so many ways it appeared “modern” in economic



Map of Venezuela

and political terms. Under the veneer of stability, however, was a strong current of disaffection and discontent, which manifested itself in the rise of Hugo Chávez, an army Lieutenant Colonel who led an unsuccessful coup attempt in 1992 and then was elected president in 1998. As president, he embarked on reforms that reshaped the country's economy and political institutions, and in the process became a symbol of hope, resistance, and democracy to his followers and the embodiment of personalism and caudillismo to his opponents.

In terms of development, Venezuela has immense oil reserves, but it has struggled to translate oil revenue into sustainable development. Periods of economic boom, fuelled (no pun intended) by high oil prices have been bracketed by collapses, in large part because during the good times, there was not enough growth in the non-oil sectors of the economy. Juan Pablo Pérez Alfonzo, a prominent Venezuelan who was instrumental in creating the Organization of Petroleum Exporting Countries (OPEC), once famously referred to oil as the “devil's excrement” in the 1970s because the economy relies so heavily on it even while it generates corruption and clientelism. The phrase “**Dutch disease**” also captures a key problem with oil, as it refers to how a currency gets stronger when a country exports a primary product, which then means manufacturing exports are too expensive in foreign markets. In the Venezuelan case, manufacturing has been shrinking while reliance on oil has become the centerpiece of the economy.

## Historical Roots of Political and Economic Development

Hugo Chávez was famous for invoking Simón Bolívar, the hero of Latin American independence. In 1821, Bolívar proclaimed independence for Gran Colombia, which included not only present-day Venezuela but also Colombia (including present-day Panama) and Ecuador, and roughly coincided with the colonial viceroyalty of New Granada. Bolívar's enduring popularity can be ascribed in large part to his professed desire to help the poor and enslaved, and also to his dream of a unified Latin America that could stand strong against the United States, whose governments he did not trust. Bolívar admired U.S. political institutions but felt correctly—that U.S. policy would center on creating its own sphere of influence.

With separation from Gran Colombia in 1830, Venezuela's borders began to take shape. By the 1830s, under the leadership of General José Antonio Páez, Venezuela began exporting coffee, and until the 1850s the country experienced its only period of relative peace until the twentieth century. When the price of coffee fell, both political and economic stability evaporated. As with much of Latin America during the eighteenth century, dependency theory has considerable explanatory power. Venezuelan economic elites established coffee plantations with foreign credit, exported the coffee, and then imported finished goods from the United States and Europe. As a result, the economy became entirely dependent on the indefinite continuation of high prices, which of course was unsustainable.

Dependency theory, however, tells us less about politics. Although the economy depended heavily on the more developed world, politics in Venezuela in the nineteenth century was a local and national affair, with much less foreign involvement than other Latin American countries. In large part, this was due to the relative lack of profitable industry. In the pre-petroleum era, Venezuela had relatively little to offer to investors.

The Federal War (1858–1863) stemmed from discontent among Liberals regarding Conservative domination of the government and the patronage that went with prominent government positions. It took the form of a fight for provincial autonomy, and Liberals won after five years of devastating warfare that killed upward of 100,000 Venezuelans.

Thereafter caudillo politics would characterize the country, with military strongmen such as Antonio Guzmán Blanco, who dominated the country between 1870 and 1888. In fact, no civilian president would stay in power more than a short time until Rómulo Betancourt was elected in 1945 (and even he was overthrown after three years). In practice, the ideal of regional autonomy was transformed into corrupt local leaders who owed personal allegiance to Guzmán but whose interests in enrichment precluded any coherent national plan for development.

One other caudillo in particular, Ezequiel Zamora, would later capture the attention of Hugo Chávez as an example of a leader who rallied the peasants and challenged the national oligarchy. Chávez's great-great grandfather fought alongside Zamora, who eventually was killed by his own troops in 1860, as they were fearful of his populist pronouncements.<sup>1</sup> Chávez viewed himself as the continuation of a line of Venezuelan patriots, starting with Bolívar and continuing with Zamora.

Juan Vicente Gómez ruled Venezuela (at times with puppet presidents) from 1908 until his death in 1935. He had been former dictator Cipriano Castro's choice to lead the military, but eventually overthrew him. Gómez brought some of the appearances of modernity to Venezuela, particularly to Caracas, with infrastructure (such as highways), a professionalized military, and a focus on reducing debt. Only a few years earlier, in 1902, Great Britain, Germany, and Italy bombarded the country until the government repaid debt, so Gómez's rule—despite being marked by corruption and dictatorship—was a watershed for the country's economic development. However, only after 1935 would Venezuela slowly begin to democratize.

During Gómez's reign, Venezuela embarked on the state-building project that had so eluded it in the nineteenth century, as the central government established more control and local caudillos were brought to heel. He accomplished this in part by ruthlessly crushing political opposition, and outlawing labor unions and political parties. He also continued Cipriano Castro's initial efforts to professionalize the military, whereas before each caudillo had his own regional force. Nonetheless, centralization may well have contributed to the stability (and eventually democracy) that Venezuela experienced after the discovery of oil, an experience not shared by Mexico.<sup>2</sup>

During the Gómez regime, author Rómulo Gallegos (who would serve briefly as president in 1948) published *Doña Bárbara* (Lady Barbara), a critique of the Gómez era that became the most celebrated Venezuelan novel of all time. It also had the memorable character William Danger, an American who had come to Venezuela:

The country pleased him because it was as savage as his own soul, a good land to conquer, inhabited by people he considered inferior because they did not have light hair and blue eyes.<sup>3</sup>

That image would later be borrowed by President Chávez, who referred to President George W. Bush as “Mr. Danger.”

## The Politics of International Influence: Venezuela and Oil

For the most part, until World War I Venezuela received relatively little attention from the more developed world, both in scholarly and political terms. With the advent of the automobile, oil companies began exploring in Venezuela, and in 1914 the first commercially viable wells were struck; a much larger well was found in 1921. Juan Vicente Gómez immediately seized the opportunity for profits, both for the nation and for himself, through selling concessions to oil companies. In terms of economic development, oil has consistently represented a dilemma because it entails dependence.

Very quickly, oil overcame coffee as the main source of export earnings. In 1921, coffee earned almost nine times oil, whereas in 1936 earnings from oil were 21 times those of coffee.<sup>4</sup> The depression of the 1930s decimated the coffee industry and ensured that petroleum would be the dominant export indefinitely.

## The National Politics of Oil

In the post-Gómez era, Rómulo Betancourt became a key player in the construction of a Venezuelan polyarchy. In 1928, along with many other students (the so-called Generation of 1928, which produced several prominent political leaders) he was sent into exile for leading protests. He dabbled in Communism, but on his return to Venezuela he formed the Democratic Action Party (“Acción Democrática,” or AD) in 1941. The party’s clearly left-leaning tendencies included criticizing the foreign control of oil and advocating for economic reform that would benefit the masses. Despite its democratic rhetoric, Betancourt was first put in power in 1945 by a short and very violent coup d’état led by junior officers disillusioned with the political fragmentation of the times.

During Betancourt’s first term, the Venezuelan state increased taxes on oil companies, following AD’s nationalist electoral promises. He would write in his memoirs that, “The villain of this piece is that great god of the mechanical age, petroleum.”<sup>5</sup> This sentiment was no doubt inspired in part by the fact that foreign oil companies reacted strongly to the AD regime, and they joined other business elites fearful of radical change in opposing the government.

Major Marcos Pérez Jiménez (who had helped bring Betancourt to power) was at the epicenter of military discontent, which rapidly escalated. In 1948 Betancourt was overthrown, and the coup was framed in terms of protecting the country from communism. Under the military regime, oil production rose, and Pérez Jiménez, who became unelected president in 1952, viewed himself as the modernizer of the Venezuelan economy, and in fact expanded the country's infrastructure. Economic growth, however, was highly unequal and generated resentment. Further, it was largely dependent on injections of oil revenues into the economy. Over the 1950s, his government became more unpopular and his repressive tactics, not to mention bribery and extortion, increased as a result.

In 1954, President Dwight Eisenhower bestowed the Legion of Merit on Pérez Jiménez, thus infuriating many Venezuelans chafing under the yoke of the dictatorship, but economic expansion and scattered organized opposition ensured that he would remain in power several more years. In 1957, a coup launched by dissident military officers failed, but demonstrated that support for the regime was crumbling. By early 1958, popular opposition (even among some elites) led to mass protests and riots, and the general fled the country (first to the United States, but he was later extradited, prosecuted for embezzlement, jailed in Venezuela, then later exiled to Spain).

## VENEZUELAN POLITICAL INSTITUTIONS

### Last constitution: 1999

#### Federal system with twenty-three states

**Executive:** Presidential, six-year term, indefinite reelection

**Legislative:** Unicameral National Assembly (167 members); 60 percent single-member district, first-past-the-post voting; 40 percent closed-list proportional representation

**Judicial:** Supreme Judicial Tribunal with a wide range of powers including reviewing constitutionality of laws

### Contemporary Politics in Venezuela

Free elections were held later in 1958, and Betancourt won once again. The major parties, AD, the Democratic Republican Union (URD), and the Social Christian Party (COPEI), agreed to share power in what became known as the “Pact of Punto Fijo,” named after the Caracas house of Rafael Caldera, head of COPEI (and a future president). Caldera had formed COPEI in 1946 in the aftermath of the 1945 coup, and it had grown to be the second dominant political party in the country. The pact assured agreement between the parties for any reforms and effectively blocked any other, more radical groups from entering the political system to any significant degree. The pact assured neutrality from the United States, which viewed it as a bulwark against communism, and after a

shaky start, the military was similarly assuaged by the agreement's moderation and commitment to military autonomy.

This became the basis for a very stable political system, which weathered the violent political storms that battered most other South American countries during the Cold War (with the notable exception of Colombia). Unlike so many of its regional counterparts, a presidential election was held every five years. However, the high level of domination was ultimately counterproductive, as it created what has been called a *partyarchy*, a system in which parties have absolute control over representation.<sup>6</sup> For years, the democratic surface masked sometimes acute discontent with the political rules of the game.

In Congress, the elite consensus that emerged from Punto Fijo spread to executive-legislative relations. Depending on the distribution of seats, Congress could potentially either force policies down the opposition's throat (if the president's party had a majority) or create total gridlock (if the opposition had a majority). However, those situations were relatively rare, as party leaders consulted with one another before enacting major policies. At times, though, the country did suffer from a different type of problem, namely, Congress forcing policies onto the president, who had no veto power. Article 173 of the constitution gave Congress authority to pass legislation by simple majority even if the president disapproved (though the president did have the opportunity to send it back to Congress one time for reconsideration). But only the president could execute the law, so stalemate sometimes ensued when a law was passed and the president sat on it.

Oil was part of Betancourt's modernization project. He spearheaded the creation of OPEC in 1960, joining with four Arab countries in an effort to protect the price of Venezuelan oil. OPEC's purpose is to influence prices by coordinating oil output, which became more feasible as governments nationalized their oil industries. Despite problems with coordination, at times OPEC has wielded considerable power, and later Hugo Chávez would revive the institution.

From the perspective of modernization theory, Venezuela after the 1960s would seem to be a clear success story. The country was very much "westernized" in the sense of absorbing the cultural values of capitalist consumption to go along with democratic rule. The trappings of consumerism, such as beauty pageants, would at least superficially suggest a Western mentality that ultimately should lead to enduring prosperity. To be sure, Venezuela's brand of modernity was elitist, but given oil revenue the country appeared to have a highly successful economic strategy. Despite some bumps, it was on that linear path toward prosperity.

## Cracks in the National Political System

Nonetheless, just as stability masked disputes over party domination, it also served to obscure divisions within both AD and COPEI. Movements within the parties based on class and/or race were blocked. The parties were often successful in bringing state resources to areas of the economy where private companies were not meeting the public's needs, but at the same time the parties were unwilling to allow the development of grassroots movements that they could not control.<sup>7</sup> Although most foreign observers saw a "model" democracy, the reality was quite different.

The price of oil jumped in 1973 as a result of the Middle East crisis (whereby Arab countries in OPEC sought to punish countries that supported Israel in the Yom Kippur War that year). This provided Venezuelan presidents with a wide range of options to increase social spending. But it also highlights a problem that Venezuela has yet to overcome, regardless of who is in power. Without adequate investment in economic sectors beyond petroleum, the economy is dependent in large measure on the international price of oil, over which, of course, the government has no control.

Riding high on nationalist sentiment and oil revenue, Carlos Andrés Pérez nationalized the oil industry. Pérez entered politics at a very young age (even acting as secretary to President Betancourt) and was a founder of the Democratic Action party. He was therefore a symbol of the entire structure of Venezuelan politics. His nationalization project was conducted in a unique manner. The government created a new company, Petroleum of Venezuela (known by its Spanish acronym, PDVSA), that would coordinate all activities related to petroleum, but it also created three separate holding companies that were controlled by the government while operating independently (thus, Citgo, which has gas stations all over the United States and elsewhere, is a wholly owned subsidiary of PDVSA). This would, its planners hoped, maintain the spirit of capitalist competition within a state-controlled context. The law went into effect in 1976. He nationalized other industries as well, such as steel, and embarked on a number of infrastructure projects.

Yet by the 1980s, what seemed the Latin American model for democracy finally showed clear signs of strain. Like other Latin American countries, Venezuela had taken on large amounts of debt and, like Mexico, was hit hard by declining oil prices. As a result, the government of Luis Herrera imposed market-oriented reforms in 1983. As the economy sputtered in the 1980s, the elitist nature of the pact proved a major part of its undoing.

## The Caracazo and the Political Aftermath

The 1961 Venezuelan constitution allowed for reelection after ten years of being out of power. As one scholar has put it, “former leaders do not disappear, but grow weak and then reappear.”<sup>8</sup> Carlos Andrés Pérez was thus eligible for reelection in 1988. He won and took office in 1989. Almost immediately he announced that only draconian measures could save the economy because of severe fiscal deficits, and thus did an entire about-face of economic policy. The reform package included devaluation and spending cuts, yet the most immediate and controversial measure was the lifting of most price controls, which the president argued were being held at artificial and unsustainable lows. The price of food, public transportation, and utilities skyrocketed. Caracas, where approximately 70 percent of the population was considered poor, with many living precariously on hills surrounding the city, exploded in February 1989.

What became known as “**Caracazo**” (the “blow to Caracas”) consisted of riots that lasted for three days and left at least 300 people dead, with some estimates even higher. It began as a protest against a sharp increase in public transportation fares, and by later in the day engulfed the entire capital. Using the emergency powers found in most Latin American constitutions, Andrés Pérez



called a state of emergency and the armed forces were then responsible for most of the deaths that ensued, a situation that incensed many junior officers who identified with the protestors. In the aftermath, Andrés Pérez created a “Plan to Confront Poverty,” the purpose of which was to provide subsidies to the poor as a way to alleviate the immediate effects of neoliberal reforms. This was part of an overall neoliberal package that he called the *Great Turnaround* (*el gran viraje*) that was supposed to put Venezuela back on its economic feet.

Because the political link between AD and COPEI and the urban poor was clientelist, and therefore based on reciprocity (the granting of state resources in exchange for political support), the reforms in the 1980s broke the party-constituent link. Thereafter party loyalty dissolved quickly. The fact that Pérez ignored his own party greatly exacerbated the crisis. In Argentina around the same time, President Menem shifted his strategy from “party excluding” to “party accommodating,” meaning that he responded to his own party’s concerns about neoliberal reforms.<sup>9</sup> That kept the political system more stable.

As a consequence, the rest of his term was characterized by political disintegration. In 1992, dissident members of the army launched two unsuccessful coup attempts. The first (from which the president barely escaped) was led by army Lieutenant Colonel Hugo Chávez Frías, who had been organizing like-minded officers disgusted with the corruption of the Puntofijista era but also with what they saw as an assault on the poor. Even though he surrendered and was later imprisoned, Chávez famously told a national television audience that his movement was defeated only “for now,” which became the mantra for his supporters. Chávez had no political experience of any kind, but he was connected in a very powerful way with millions of disaffected Venezuelans who responded viscerally to his call for radical political and economic change. His charisma was unmistakable.

The era of Carlos Andrés Pérez then came to an abrupt end in 1993 when he was impeached for corruption, removed from office, and imprisoned for misappropriation of funds. After his release in 1998, he went in exile to Miami, which rapidly became the Mecca of disaffected Venezuelans. The mighty had fallen in a fairly short amount of time, and before long Venezuelan politics would center not on parties or pacts but on Hugo Chávez himself.

Prior to the Caracazo, the foundations of Venezuelan democracy were oil wealth, very strong parties, and an apolitical military. Unlike Mexico, where the PRI alone dominated for decades, in Venezuela the two major parties ensured a much better approximation of representative democracy. Their influence went very deep into society. Beginning in the 1960s, virtually all social organizations were tied to parties, and their elections went along party lines. This went from bar associations all the way down to dentists, architects, and perhaps even the beauty contests.<sup>10</sup> Given their reach, the party unraveling that took place was even more traumatic.

## The Failure of Presidentialism

Despite macroeconomic stability in the wake of the Caracazo, the political underpinnings of the Pact of Punto Fijo were buckling, and Venezuelan presidentialism contributed to that process. Venezuela’s “partyarchy” started at the top,

and the president—along with his party—was instrumental in determining how the benefits from oil revenue would be distributed. Once those benefits dried up, the president felt compelled to resort more often to force. This was coupled with long-standing and deeply entrenched corruption, which was rarely convicted in a complicit judicial system.

By the 1998 presidential election, the party collapse in Venezuela was complete. In 1993, Rafael Caldera abandoned COPEI, running and winning the presidency through an independent “National Convergence” coalition while AD and COPEI combined won 46 percent of the vote, down from 94 percent in 1988. Political polarization ensued, because voters wanted neither major party to rule, and in their place came a wide variety of coalitional movements and regional parties. Caldera’s term was therefore tumultuous because he simultaneously needed to balance popular discontent with traditional parties while also working with those parties (particularly AD) to pass legislation. In practice, this prompted Caldera to use presidential decree power extensively, and emergency powers to maintain order.

In 1998, Hugo Chávez had no formal party organization. Indeed, his rhetoric was always harshly antiparty, because he blamed the traditional political parties for the Venezuela’s disastrous economic situation. Rather, his supporters coalesced within the Fifth Republic Movement (MVR) party (“*Movimiento Quinto República*,” with the Roman numeral V for *fifth*) as part of the “Patriotic Pole” coalition. Neither AD nor COPEI could muster enough support even to run their own candidates. Instead, they threw their support to an independent candidate, Henrique Salas, who garnered 40 percent of the vote. Chávez won the election with 56.2 percent. He minced no words in his inaugural address: “We are being called to save Venezuela from this immense and putrid swamp in which we have been sunk during 40 years of demagoguery and corruption.”<sup>11</sup>

The opposition to Chávez, already badly splintering after 1993, underwent bitter internal conflict, which continues to prevent it from forming a broad coalition or offering many unity candidates in major political races. The primary opposition has slowly joined as a coalition (with shifting names) but even now fights to gain political traction. This lack of political influence is partly self-inflicted, as the coalition, joined by AD, COPEI, and several other parties, boycotted the 2005 legislative elections, arguing that the National Electoral Council (CNE) might be able to decipher individual’s votes through the fingerprint scanners used at polling places. The government argued that they were backing out only because they knew they would lose. No matter the reason, the parties ceded legislative power to Chávez allies.

## The Fifth Republic

Chávez sought nothing less than a complete overhaul of Venezuelan political and economic institutions, what he called the *Bolivarian Revolution*, involving the birth of the “Fifth Republic.” One of Chávez’s first priorities was to write a new constitution. In his own words, “My idea was not to swear allegiance to that constitution but rather to kill and bury it.”<sup>12</sup> Soon after taking office, he held a referendum to allow for the election of a commission to draft a new charter. The vast majority of that commission’s members were from Chávez’s

Patriotic Pole party (120 of 131). The new constitution went up for a vote on December 15, 1999, and was approved by 72 percent of voters. Until the new constitution took effect on January 31, 2000, the National Constituent Assembly voted itself the power to dissolve the legislature and Supreme Court, and for the next six weeks passed laws and used the power of appointment to pack government posts with pro-Chávez appointees.

## ANALYZING DOCUMENTS

*Hugo Chávez made it very clear that he did not respect the Venezuelan constitution and that one of his main priorities was to draft a new one. He argued that the new constitution better addressed the rights of the oppressed, down to the most local level, while his opponents responded that it was intended to enhance his political power.*

### **Constitution of the Bolivarian Republic of Venezuela (1999)**

#### **Article 1**

The Bolivarian Republic of Venezuela is irrevocably free and independent, and bases its moral heritage and values of freedom, equality, justice, and international peace on the doctrine of Simón Bolívar, the Liberator. Independence, liberty, sovereignty, immunity, territorial integrity and national self-determination are irrevocable rights of the Nation.

#### **Article 6**

The government of the Bolivarian Republic of Venezuela and of the political entities comprising it, is and shall always be democratic, participatory, elective, decentralized, alternative, responsible, pluralist, and with revocable mandates.

#### **Article 112**

All persons may dedicate themselves freely to the economic activity of their choice, save only for the limitations outlined in this Constitution and those established by law for reasons of human development, security, health, environmental protection or other reasons of social interest. The State shall promote private initiative, guaranteeing the creation and fair distribution of wealth, as well as the production of goods and services that meet the needs of the population, freedom of work, enterprise, commerce, industry, without prejudice to the power of the State to dictate measures to plan, rationalize and regulate the economy and promote the overall development of the country.

#### **Article 119**

The State recognizes the existence of indigenous peoples and communities, their social, political and economic organization, their cultures, ways and customs, languages and religions, as well as their habitat and original rights to the lands they ancestrally and traditionally occupy, and that are necessary to develop and guarantee their way of life. It falls to the National Executive, with the participation of the indigenous peoples, to demarcate and guarantee the right to collective ownership of their lands, which shall be inalienable, irrevocable, unseizable, and nontransferable, in accordance with this Constitution and the law.

*(Continued)*

**Article 299**

The socio-economic regime of the Bolivarian Republic of Venezuela is based on the principles of social justice, democracy, efficiency, free competition, protection of the environment, productivity and solidarity, with the goal of ensuring overall human development and a dignified and beneficial existence for the collectivity. The State, together with private initiative, will promote the harmonious development of the national economy, with the end of generating sources of employment, a high rate aggregate national value, raising the standard of living of the population and strengthening the economical sovereignty of the country, guaranteeing judicial integrity; the solid, dynamic, sustainable, permanent and equitable growth of the economy to ensure a just distribution of wealth through democratic, participatory, and consultative strategic planning.

**Discussion Questions**

- How does the constitution seem to view local political and economic development?
- What does the role of the national government seem to be?

*Source: Gazeta Oficial de la República Bolivariana de Venezuela, No. 5908, February 19, 2009. (Translation by author).*

The constitution is long (350 articles) and complex. According to Article 6, the government “is, and will always be, democratic, participatory, elective, decentralized, alternative, responsible, pluralist, and with revocable mandates.” It details a wide range of rights, including life, speech, non-discrimination, association, due process, as well as education, health, housing, employment, and even sports recreation. Not surprisingly, given the amount of government spending required to fulfill all such rights, many remain goals rather than accomplishments (unemployment, e.g., is not zero). Supporters, however, contend that the constitution is much more inclusive and, unlike examples around the hemisphere (even the U.S. constitution, which is minimalist), it makes the government a positive force in people’s lives.

More contested is the power of the executive branch. Of particular importance has been Article 236, which grants the president the right to create decrees with the force of law. This means that the president can request that the legislature delegate its authority and give the president the right to use decrees to make laws. The constitution also extended the presidential term from four to six years, and allowed two presidential terms in office.

Once the constitution was ratified, the next step was to have fresh presidential elections, held in 2000. Similar to 1998, Chávez won a solid majority (59.8 percent) while the opposition was in disarray (the main candidate, Francisco Arias, a disaffected former ally, garnered 37.5 percent). His coalition, the MVR won 44 percent of the seats in the National Assembly (91 out of 165).

In 2001, Chávez passed 49 special “enabling” laws (the concept is discussed later in the chapter), which ensured the government would have a majority stake in companies engaged in oil extraction. They also facilitated expropriation of land if the owners were not growing sufficiently on it (known as “idle

land”). In general, the laws were intended to begin reversing the entire process of both decentralization and market-oriented reforms that had been taking place for a decade, but which had become highly unpopular. Their passage prompted a strong negative response from the business community.

The opposition, concentrated among the middle and upper classes, which controlled many media outlets, lashed out at Chávez, calling him a Communist and often even insulting him with racist comments because of his darker skin. The PDVSA remained under conservative opposition control (in contrast to Colombia, where the oil workers union is considerably to the left of the government ideologically) and in 2002 oil workers went on strike to protest Chávez’s proposal to shift oil revenue from PDVSA to the state. Chávez responded by firing members of PDVSA’s Board of Directors. That pushed a coup plot into motion, which removed Chávez from power very briefly in April 2002, blackened the reputation of many opposition leaders, and ironically solidified Chávez’s popularity and hold on power (see Box 10.1). No matter what they thought about their president, a majority of Venezuelans did not support a coup d’état.

It was obvious that the military was not yet firmly controlled by the president, so in the wake of the coup Chávez worked even more diligently to ensure that only loyal officers made their way to positions of leadership. He also created a military reserve, comprised of civilian volunteers who would ostensibly protect the country from internal and/or external threats. It took orders directly from the president, and Chávez touted it as an essential aspect of defense. His overall goal was to provide some measure of protection from another coup. Indeed, coup rumors surfaced periodically, and even a former close ally, General Raúl Baduel, began criticizing the government publicly. Meanwhile, Chávez also symbolically brought the armed forces into the revolutionary fold by compelling them to say “Fatherland, Socialism or Death” with salutes, especially before a superior officer.

In December 2002, the opposition organized a general strike, which ran into 2003 (lasting 63 days), to force Chavez either to resign or to accept a recall referendum. The strike damaged the economy, as gross domestic product was –7.8 in 2003, but Chavez was able to withstand it by forcing the resumption of oil production and by employing the military to continue distributing goods to poor areas. Given how central oil is to the economy, the opposition could not deal a crippling blow once it flowed again.

## BOX 10.1

### Ideology and Political Conflict: The 2002 Coup

**International:** On April 11, 2002, President Hugo Chávez was overthrown by a military coup and arrested, while Pedro Carmona, the president of the Venezuelan Federation of Chambers of Commerce (“*Fedecámaras*”),

was named provisional president. The international influences for the coup remain a matter of debate. The administration of George W. Bush immediately recognized the Carmona government and blamed Chávez for

(Continued)

the crisis. It is also clear that the U.S. government had intelligence suggesting a coup was imminent, though there is no evidence it actively encouraged it. Nonetheless, the rebellious factions of the Venezuelan military believed they had the U.S. government's support. According to Rear Admiral Carlos Molina Tamayo, "We felt we were acting with US support. We agree that we can't allow a communist government here."<sup>13</sup>

Ultimately, the coup understandably left Chávez wary of further U.S. support for his overthrow. That possibility became a staple of his speeches, as he criticized the Bush administration for interfering in Venezuelan affairs.

**National:** Although the opposition had long wanted him ousted, the immediate cause was Chávez's efforts to purge the PDVSA of his opponents. He fired numerous top officials of the state oil agency. That prompted Fedecámaras to call for a national two-day strike in protest. A rally was held in Caracas, and the plan was to march to the PDVSA offices, but then shifted and made its way to Miraflores, the presidential palace. There it clashed with Chávez supporters, which led to twenty shooting deaths. The opposition claimed that government officials acted as snipers. Video, later proven to be manipulated, was shown on television, which seemed to show Chávez

supporters firing into crowds. Anti-Chávez sentiment swelled, and even senior military officers, such as the head of the army, publicly stated they no longer supported the president.

Carmona became the civilian leader of the coup as military rebels ordered Chávez to resign. On April 11, the military surrounded Miraflores and took Chávez into custody. Subsequent events would become legend for Chávez and his supporters. Carmona was sworn in as president, and his first actions were to issue decrees dissolving the legislature, the Supreme Court, and to fire *Chavista* public officials.

**Local:** Meanwhile, word began spreading that Chávez had not resigned, which made the new government unconstitutional and illegal. People therefore poured from poor neighborhoods to call for Chávez's return. Large public protests against the coup combined with loyalist military officers to force Carmona to flee the presidential palace, and eventually rescued Chávez and brought him back.

### Discussion Questions

- Why might members of the military feel that it was important to have the support of the United States?
- How did the response to the coup demonstrate local support for Hugo Chávez?

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Chávez subsequently sought to deepen his reforms, and in 2005 officially proclaimed his revolution to be socialist. That culminated in the draft of a new constitution, put up for a national vote in 2007. There were various centralizing revisions, such as giving the president power over the Central Bank, but the most controversial aspect was abolishing presidential term limits. Chávez lost the vote by a slim margin, and therefore had to wait for another opportunity to pursue the reforms. The ability to remain in power longer has been a persistent theme for Chávez, such that a year after losing the constitutional referendum,

he requested that his supporters launch a new petition drive to eliminate term limits. Unlike the 2007 effort, there would be nothing else on the ballot. The vote took place in February 2009, and Chavez won with 54 percent of the vote.

The other part of the “Bolivarian Revolution” entails an expanded state presence in the economy. Control over oil revenue became even more critical after September 11, 2001, because of the dramatic rise of oil prices. When Chávez was elected in 1998, the average price of a barrel of oil was about \$12. A decade later, in January 2008, the price hit \$100. As a result of the economic crisis in the United States, in September 2008, the price plummeted, an issue to which we return later in the chapter.

Chávez envisioned “*twenty-first century socialism*,” a term that has never been defined precisely, but which centered on vastly increasing the state’s commitment to the poor, rejecting free-market capitalism, and nationalizing industries if they failed to contribute sufficiently to the government’s economic program. Nationalization does not necessarily involve total state ownership, as in some cases (such as oil) it means majority state ownership, with minority stakes (and, of course, profits) for private companies.

The pace of state takeovers accelerated after the 2006 presidential election, which Chávez won resoundingly with 62.8 percent of the vote. His main opponent was Manuel Rosales, the governor of Zulia state and a prominent opposition leader (he had supported the Carmona government) who won only 36.9 percent. Understandably, Chávez viewed the election as a clear mandate, and accordingly initiated policies intended to deepen his political project, including nationalization.

Chávez first ordered the nationalization of selected small farms and businesses, then moved to a number of larger companies, including oil (an incremental strategy completed in 2007, with expansion to oil services in 2009), telecommunications and electricity in 2007, then the largest steel company (owned by a company in Luxembourg), as well as Swiss, Mexican, and French cement companies in 2008.

Chávez placed nationalization in the contest of using the state to advance the well-being of the people. Along the same lines, the government imposed price controls on a wide range of essential goods. It also established a state-run chain of supermarkets, called MERCAL, which are located in poor communities. Because private supermarkets continue to operate, MERCAL represents a parallel structure, albeit in parts of the country where markets tended not to operate.

Another important initiative after the 2006 presidential election was the creation of the **United Socialist Party of Venezuela (PSUV)**, which would replace the MVR and include the other *Chavista* parties under one umbrella. The PSUV would also serve as a vehicle for centralization, because it coordinated the relationship between the central government and local communities.

All of these initiatives were centered on improving the economic outlook for the country’s poor. There is vociferous disagreement about Chávez’s successes in this endeavor. For example, Francisco Rodriguez, former Chief Economist of the National Assembly, argued that the reduction in poverty rates (from 54 percent in 2003 to 27.5 percent in the first half of 2007) is because of the drastic increase of oil prices, and not due to any structural reforms that will keep poverty down in the future.<sup>14</sup> Further, the Gini index was 0.44 in 2000, but 0.48 in 2005, and



other indicators—such as the percentage of underweight babies—have worsened since Chávez took office. Bernardo Alvarez, the Venezuelan Ambassador to the United States, responded that Rodríguez failed to incorporate all social spending, such as that by PDVSA, and that he ignored all the advances being made, such as lives saved (over 47,000) because of expanded access to doctors for the poor, increased school attendance, and in general the massive reduction of people in poverty (down 18.4 percent between 2002 and 2006).<sup>15</sup>

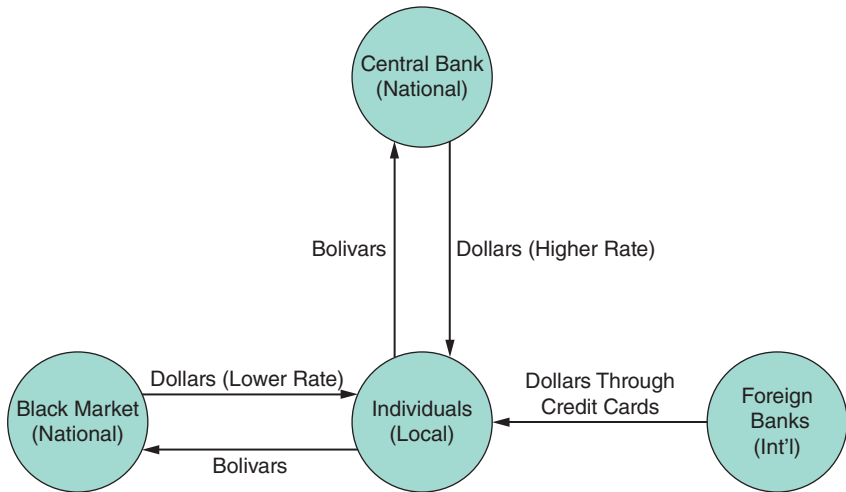
Not under dispute is the rise of inflation, which according to the Central Bank has usually been over 20 percent. This is a natural consequence of increased cash transfers between the government and the poor, who were putting that money back into the economy and thereby pushing prices up. The rate of inflation was lower than in the troubling times of the 1990s, but still a matter of some concern for the government. One measure the government took was to replace the old currency, the “bolívar,” with the “bolívar fuerte,” or “strong bolívar,” beginning in January 2008. It meant taking away three zeroes (so that something that cost 10,000 would now cost 10).

In 2003, the government created the National Exchange Control Administration (CADIVI), a currency control board to regulate the exchange rate. It pegged the bolívar (then later the strong bolívar) to the dollar, but the real exchange rate has been much weaker. But it also stipulated that foreign exchange could be transacted only through the Central Bank, which placed limits on how many bolívares could be exchanged for dollars. As we saw in Chapter 4, regulations on foreign exchange can create unintended consequences. In this case, because people cannot always get as many dollars as they want legally, a black market emerged to meet demand, requiring far more bolívares than the government relative to the dollar. More affluent Venezuelans can leave the country, get dollar advances on their credit cards (the amount of which is also regulated by the government) then return to Venezuela, get bolívares through the black market, and pay off their credit cards at the official rate, thus making a profit. Figure 10.1 shows how the local, national, and international levels all converge.

Nonetheless, it is important to keep in mind that Chávez and his policies were popular. According to the 2011 Latinobarómetro regional poll, Venezuelans strongly supported democracy, as at 77 percent they were the highest in the region. Chávez’s approval numbers dipped at times—down to around 50 percent—but a hard core of support remained solid for years.

Here we encounter a confusing connection between theory and practice. Hugo Chávez’s style of governing once again raises the issue of populism, which is part and parcel of a collapsed party system. He saw himself as an individual working against strong structural constraints. The combination of weak institutions and a strong personality are clearly negative for democracy, but Venezuelans believe their democracy is quite strong. Although he called for the creation of the PSUV, it clearly centered on him as an individual, and he alone—through speeches, his radio and then television program *Hello President*, and other means—determined the nature of the Venezuelan variant of socialism. One key is that he reached out to the average person, even attempting to solve their specific problems when they call into his show. This is a hallmark of “delegative democracy,” in which, as we’ve discussed in particular for the Central American





**FIGURE 10.1** Currency Exchange in Venezuela

and Andean countries, citizens elect a leader who then takes it on his- or herself to define the common good and to do whatever necessary to achieve it, without much horizontal accountability.

These same qualities, which many Venezuelans view in positive terms, potentially pose long-term problems for democracy. Some of the challenges Chávez faced underscore the dilemma inherent in the combination of presidential government and a weak—almost nonexistent—party system which, ironically, had greatly helped his rise to power. The government’s defeat in the 2007 constitutional referendum demonstrated the persistence of democracy in national elections even when the government doesn’t get the result it wants, but in the absence of parties there is far less democracy within the government, where all major decisions were made by Chávez himself. Policy making thus acquired a very ad hoc flavor. How it will be handled after Chávez is a critical question.

For example, in 2007 Chávez used his television program to call for tanks to be mobilized and sent to the Colombian border in response to Colombia’s bombing of a FARC rebel camp in Ecuador. Similarly, in 2008 Chávez expelled the director (a Chilean citizen) of the human rights group Human Rights Watch after the organization issued a report highly critical of his government. Without benefit of any legal process or judicial order (thus violating Article 44 of the constitution), he was charged with interfering with the internal affairs of Venezuela and expelled from the country.

Because *Chavistas* are by no means a homogeneous bloc, there is considerable debate between soft- and hard-liners about the direction the revolution should take, how radical reforms should be, and where state resources should be directed. However, these debates are generally informal, and therefore reach formal channels only indirectly. There is often disagreement with decisions the central government makes, and dissent is tolerated, but it does not necessarily translate into political action that influences policy. We can see some of these dynamics by examining women and the indigenous population, both of which have been natural allies.

## Women and Indigenous Groups: The Struggle for Activism at the Local and National Levels

Women first began organizing in Venezuela in the 1930s, and won the right to vote in 1947. The high level of party domination of politics, however, left women largely excluded from the political process. Effective organizing outside the auspices of parties was difficult. The economic crisis of the late 1990s hit women very hard, as was the case across Latin America. By 1990 women constituted approximately 30 percent of the Venezuelan workforce, and their jobs typically paid much less than men. Further, they were often responsible for the household's income. Nationally, 25 percent of households were headed by women, and for the poor that rose to 50 percent.<sup>16</sup> Yet the pacted transition of 1958 effectively demobilized women, viewing a women's movement as potentially detrimental to the elite-driven (and male-dominated) political consensus. Reforms that did arise, such as granting women equal rights in marriage, were typically geared toward the interests of the middle and upper classes.<sup>17</sup> In the wake of the 1992 coup attempts, poorer women were very receptive to Chávez's message of social justice.

Women lobbied to include gender issues in the 1999 constitution, and so it guarantees equality and labels housework as befitting social security benefits (Article 88). The constitution also contains gender neutral language (referring to a "presidente o presidenta" because Spanish words specify gender). In 2000, the Chávez administration created the National Institute for Women (INAMUJER), which has sought to reach out to poorer women and increase female representation in elected officers. After Chávez took office, women began organizing Popular Women's Circles, which in part sought to democratize gender relations. The Chávez government also created the Women's Development Bank (Banco de Desarrollo de la Mujer, or BDM) in 2001 as a way to facilitate microfinance loans to women while also spreading the ideals of the Bolivarian Revolution. Both during the 2002 coup and the 2004 recall election, poor women came into the streets to support Chávez, and registering new voters in the barrios.

Community leaders in poor neighborhoods still tend to be men, but women have become both more politically and socially active, with Chávez as their political hero. Much of the activism, therefore, originates at the local level, though is mediated by national-level political actors in the government. Important questions for the future include whether such movements can continue to flourish even without Chávez and to what degree women can successfully carve out autonomous political spaces that depend to a lesser degree on men.

The indigenous population of Venezuela, which constitutes approximately 1.5 percent of the population, was equally energized by the Bolivarian Revolution. The Pact of Punto Fijo was not conducive to demands from below, and so the rise of Chávez promised a significant shift. Throughout his 1998 campaign, Chávez emphasized his indigenous roots. The 1999 constitution recognized Venezuela's cultural and linguistic diversity (native languages have official status for those who speak them), incorporation of native culture into political practices, collective ownership of indigenous lands, and a guarantee of representation in the National Assembly. In a symbolic move,

Chávez also renamed Columbus Day (October 12) as “Indigenous Resistance Day,” including a revision of textbooks to include the role of indigenous peoples.

## Decentralization and the Dynamics of Local and National Political Power

The way in which Chávez appealed to such underrepresented groups demonstrates how expansion of executive authority coexists with examples of greater local autonomy. In fact, decentralization is alive and well in Venezuela. Strange as it may sound, in a number of ways this process has enhanced Chávez’s influence.

Even before Chávez came to power, the Venezuelan government had started a process of decentralization, primarily as a way to reconnect at the local level to disillusioned constituents in the midst of economic crisis. For the first time, elections were held for regional and municipal offices (such as mayors) in 1988, and then for governors in 1989 (previously, AD and COPEI had appointed them on the basis of patronage). In 1988, the Laws on Decentralization and Transfer of Responsibilities and the Law on the Municipal Regime laid out the different responsibilities to be held by different levels of government (the central government, the states, and the municipalities).<sup>18</sup> Subsequent laws delineated how the resources would be shared. However, the process of decentralization has been slowed by the increase in centralization of power by the Chávez government (discussed in the following paragraphs).

Nonetheless, one important consequence of the decentralization process in the 1980s was that governors gained a much higher political profile, and their importance in national politics grew, which was an important development for more local political power. They were able to seize the opportunity at a time when the central government was weak.<sup>19</sup> As the economy strengthened during the Chávez administration, gubernatorial independence became a bone of contention.

Other initiatives aimed at the local level proved more controversial. The government launched what it labeled *Bolivarian Missions*. The guiding principle of these local organizations was to allow workers and activists to take a more direct role in addressing social ills, such as illiteracy, malnutrition, and lack of housing, as well as environmental problems like deforestation and overuse of energy. As the name suggests, each has a particular mission to accomplish. Supporters of the government view them as essential for engaging the disadvantaged and giving them the resources necessary to advance themselves. Opponents consider them highly politicized and an extension of Chávez’s personal power. For example, the “Florentine Mission” was established to support Chávez in the 2004 recall referendum, while “Mission Miranda” (named after Francisco de Miranda, a favorite hero of Chávez’s) brings together a militia to defend the country from invasion, which according to Chávez would come from the United States. Chávez was open about the mix of social improvements and military training: “We have to be on guard, we have to train the people to defend our country, but we also have plans to use the half [of unused land] for cattle breeding.”<sup>20</sup> The latter includes distribution of weapons. Opponents resented the strong Cuban role, as many of the doctors, teachers, books, and other supplies came from Cuba.

Decentralization in Venezuela, though, certainly has its limits. Local elected officials have also been stripped of some power. In 2009 the legislature approved a measure that took control of the Caracas budget away from the opposition mayor and placed it in a new federal authority, leaving the mayor with only about 10 percent of his normal funding. Control over all ports and airports have also been transferred to the federal government. The question for Venezuelan democracy is how much the president exerts sole authority to direct political and economic policy at all levels of government.

## Political Institutions and Horizontal Accountability

For all the centralization, there is also a strong plebiscitary flavor to Bolivarian presidentialism. For example, the constitution allows for a publicly prompted presidential recall. To go to a national vote, the recall petition must gather signatures equaling 20 percent of registered voters. If the president does not receive majority support, then new elections must be held within thirty days. Beginning in 2003, the opposition began organizing a recall against President Chávez, and by early 2004 claimed they had 3.4 million signatures, well more than the 2.4 million needed. The CNE claimed fraud and rejected 1.8 million of them. A second submission was accepted, and after well-organized campaigning, Chávez won with 59 percent of the total vote. It was an important victory for Chávez, reaffirming not only the legitimacy of his election, but also demonstrating his ability and willingness to win democratically. There has been a considerable amount of vertical accountability, as Venezuelans have ample opportunity to offer their opinions on the president.

The legislature is unicameral, partly first-past-the-post and partly proportional representation. Because the opposition to Chávez was so disorganized and many boycotted the legislative elections, the 2005 elections yielded a strong majority for Chávez supporters. The MVR, which later became part of the United Socialist Party, won 60 percent of the seats. Periodically, and first in mid-2000, Chávez convinced the legislature to cede authority to him. According to article 203 of the constitution, with a 3/5 vote the legislature can vote to grant decree power to the president, allowing Chávez to craft and enact his own legislation without putting it to any vote. Chávez utilized these “enabling laws” in a wide range of areas, from expropriation to creation of civilian militia. We need to keep in mind, however, that such enabling laws were a fixture in Venezuelan politics after 1958. Pérez Jiménez was the most active in that regard, as during his 1974–1979 term in office, he once issued 830 decrees in one year.<sup>21</sup> The difference is that under the 1999 constitution, the scope of potential presidential authority is broader, going beyond the economic and financial issues prescribed in the 1961 constitution.

As a practical matter, therefore, especially after 2005 the legislature has played a minimal role in terms of horizontal accountability. That changed after the 2010 elections, when the opposition united to a much greater degree than before. The Coalition for Democratic Unity won 64 of 165 seats, short of a majority but sufficient to ensure that anything requiring a supermajority would necessitate government–opposition negotiation.

Nonetheless, the opposition has been unable to garner a majority. The 2012 presidential election pitted Chávez against Henrique Capriles, a governor from

Miranda who led the united opposition coalition. Capriles emphasized the need for change while also maintaining many of the popular *Chavista* social programs, but ultimately was decisively defeated 55 to 44 percent.

The judiciary has also become a point of debate. The constitution asserts that the judiciary is entirely independent, but in 2004 a law passed that expanded the size of the Supreme Court from 20 to 32 members. Further, it gave the National Assembly the right to choose the extra 12 members, and to remove judges, both by a simple majority vote. Particularly after the opposition failed to run campaigns in the 2005 legislative elections, the result has been a court packed with Chávez supporters. As the Supreme Court has considerable power over lower courts (including the ability to remove judges), there has been an impact across the entire judiciary. Courts and judges were widely viewed as corrupt and politicized in the “puntofijista” period, and this perception persists.

It has been argued, in fact, that “Chavismo” in general bears resemblance to the puntofijista era. As one scholar put it, “There has been a revolutionary shift in the distribution of power, but a remarkable permanence in the art of its practice.”<sup>22</sup> The pattern is one of choosing who will be included and excluded from state generosity, and Chávez generally inverted the previous winners and losers. A major difference, however, is that politics revolved around the person of Hugo Chávez, which created considerable uncertainty about how the system will function without him. That became particularly relevant in 2011, when after an extended absence from the public eye he announced that he had a cancerous tumor removed. In late 2012 he left for Cuba and was never seen in public again. He died on March 5, 2013.

## The Bolivarian Revolution: International Influences

The notion that Venezuela should have an independent-minded foreign policy did not originate with Hugo Chávez. Even during the Cold War, oil revenue provided Venezuela with a unique opportunity in that regard. In the 1970s, Carlos Andrés Pérez reestablished diplomatic relations with Cuba and trade ties with the Soviet Union. He also employed the rhetoric of national sovereignty for all Latin American countries, putting him at odds with the U.S. government, which considered many leftist movements to be the puppets of the Soviet regime.

Hugo Chávez took a very active international role, but unlike Pérez his rhetoric was anti-imperialist and revolutionary, which put him on a collision course with the United States. In some cases, this has meant open confrontation, such as his now-famous speech to the United Nations in 2006 when he referred to President George W. Bush as “the devil,” saying that the podium still smelled of sulfur.

Various members of the Bush administration (most notably former Secretary of Defense Donald Rumsfeld) and President Chávez exchanged a wide range of insults over the years. Because of the U.S. government’s support for the 2002 coup, Chávez also worked to ally himself with countries similarly deemed rivals or enemies of the United States, such as Russia, Iran, and Syria (in addition to Cuba). From an economic standpoint, his most important strategy was to revive OPEC and to argue successfully that the organization should limit production as a way to increase prices, rather than bow to U.S. pressure for greater production and therefore lower prices. As a result, the price of oil rose from \$11 per barrel in 1998

## ANALYZING DOCUMENTS

*Hugo Chávez genuinely relished the opportunity to criticize the policies of the U.S. government, which he argued are destructive and create misery worldwide. He employed some political theater in a United Nations speech, comparing President George W. Bush to the devil.*

### **Hugo Chávez's Speech to the United Nations General Assembly (2006)**

Madam President, Excellencies, Heads of State and Government, and high ranking representatives of governments from across the world. A very good day to you all.

First of all, with much respect, I would like to invite all of those who have not had a chance to read this book, to do it. *Hegemony or Survival: America's Quest for Global Dominance* is one of the most recent work of Noam Chomsky, one of the most famous intellectuals of America and the world. An excellent piece to help us understand not only what has happened in the world during the 20th century, but what is happening today, and the greatest threat looming over our planet: the hegemonic pretension of U.S. imperialism that puts at risk the very survival of humankind itself. We continue to warn the world of this danger, and call on the people of the United States and worldwide to halt this threat, which is like the sword of Damocles...

I believe that the first to read this book should be our brothers and sisters of the United States, because the main threat is on their homeland. The devil is here. The devil; the devil himself is in their homes.

The devil came here yesterday. Yesterday, the devil was here in this very place. This rostrum still smells like sulfur. Yesterday, ladies and gentlemen, from this podium, the President of the United States, whom I refer to as the Devil, came here talking as if he owned the world. It would take a psychiatrist to analyze the speech he delivered yesterday.

As the spokesperson for imperialism, he came to give us his recipes for maintaining the current scheme of domination, exploitation and pillage over the peoples of the world. His speech perfectly fit an Alfred Hitchcock movie, and I could even dare to suggest a title: "The Devil's Recipe." That is to say, the U.S. imperialism, as stated by Chomsky in a very clear, evident and profound manner, is making desperate efforts to consolidate its hegemonic system of domination. We cannot allow this to happen. We cannot allow a world dictatorship to be installed or consolidated.

...

Yesterday, the United States President said in this same hall the following. I quote: "Wherever you look at, you hear extremists telling you that violence, terror and torture can help you escape from misery and recover your dignity." Wherever he looks he sees extremists. I am sure he sees you, my brother, with your skin color, and he thinks you are an extremist. With his color, the Honorable president of Bolivia, Evo Morales, who came here yesterday, is also an extremist. Imperialists see extremists everywhere. No, we are not extremists, what happens is that the world is waking up, and people are rising up everywhere. I have the feeling, Mister Imperialist Dictator, that you are going to live as if in a nightmare the rest of your days, because no matter where you look at, we will be rising up against the U.S. imperialism. They call us extremists, since we demand total freedom in the world, equality among the peoples, and respect for sovereignty of nations. We are rising up against the Empire, against its model of domination.

...

[I]n a few days it will be the 30th anniversary of ... the terrorist attack when a *Cubana de Aviación* airplane was blasted and 73 innocent people died. And where was the worst terrorist of this continent, the one who admitted being the intellectual author of the Cuban airplane blasting? He was convicted in Venezuela for years and he escaped with the complicity of CIA officials and the Venezuelan government of that time. Now, he is living here in the US, protected by the U.S. government. He confessed and was imprisoned. Evidently, the U.S. government has double standards and protects terrorism.

...

I mentioned Cuba, we went happily to Havana ... We have relaunched the Non Aligned Movement, and if there is anything I may ask of you all, my friends, brothers, and sisters, is to please lend your support to strengthen the Non Aligned Movement, which has a paramount importance in the birth of a new era, to prevent hegemony and imperialism. Moreover, you all know that we have designated Fidel Castro, as President of the NAM, for a three-year term and we are convinced that our friend, Fidel Castro, will lead it with much efficiency. For those who wanted Fidel Castro to die, they remained frustrated, because he is once again wearing his olive green uniform, and is now not only the President of Cuba but also President of the Non Aligned Movement.

...

I believe the United Nations must be located in another country, in some city of the South. We have proposed this from Venezuela. You all know that my medical personnel had to remain inside the airplane as well as my Chief of Security. They both were denied to enter the United Nations. This is another abuse and an outrage, Madame President, that we request to be registered as a personal abuse by the Devil, it smells like sulfur, but God is with us.

### Discussion Questions

- In what specific ways does Hugo Chávez consider the international influence of the United States to be negative?
- What does Hugo Chávez believe is the local response to the international influence of the United States?

Source: United Nations Web Site: <http://www.un.org/webcast/ga/61/pdfs/venezuela-e.pdf>

to \$27 in 2000, which was critical for funding his social projects.<sup>23</sup> Approximately 15 percent of oil consumed in the United States comes from Venezuela, and so particularly after September 11, 2001, and the 2003 invasion of Iraq, oil-producing states became even more critical to the U.S. economy than ever before.

But aside from antagonism with the United States, the Chávez government has worked to advance regional integration. Indeed, Article 153 of the 1999 constitution states that “the Republic will promote and favor Latin American and Caribbean integration.” This effort is aimed explicitly at reducing the role of the United States and international financial institutions like the International Monetary Fund (IMF), and harkens back to Simón Bolívar’s own goals of integration. It rests on the assumption, long advanced by dependency theorists, that strong connections to the developed capitalist world are ruinous for less developed countries. Chávez spearheaded the Union of South American Nations



(UNASUR), an organization that uses the European Union as a model for integration, including a common currency, free movement of people, and a regional legislature. The Bank of the South is a UNASUR initiative, and its purpose is to allow Latin American governments to borrow for development projects without going through the IMF. Most South American countries contributed funds. Given the size of its economy, Brazil is critical to the future of the bank, and its future depends heavily on whether Brazil continues to support it, because it already has its own development bank operating around the region (the National Bank of Social and Economic Development, or BNDES).

Chávez also launched and promoted ALBA, the Bolivarian Alliance for the Americas, which was intended to counter the (failed) effort by the United States to establish Free Trade Areas of the Americas (FTAA). Its goal is economic integration that focuses more on social welfare than strictly on profit. Members include Bolivia, Cuba, Ecuador, Honduras, and Nicaragua, in addition to small states in the English-speaking Caribbean. Especially given the absence of the largest economies of the region, its influence remains limited.

Finally, Chávez signed agreements around the world to provide oil at heavily discounted prices for the poor. This effort even included the United States, where the Venezuelan government worked with elected officials in Massachusetts to give discounted heating oil to low-income households. The obvious intended irony was that a developing country was providing aid to the poor in a developed country. Chávez consciously made an effort to spread Venezuela's independent international influence to as many countries as possible, even to the heart of the "empire."

## Conclusion and Comparative Perspective

The rise of Hugo Chávez raises important questions about the very definition of democracy. The highly personal nature of his rule is perfectly captured by the hours and hours he has spent on *Aló Presidente*, solving the problems of the common Venezuelan and establishing a closer link between the national and local levels. That style polarized the country. It has been paradoxically labeled "authoritarian, though formally democratic."<sup>24</sup> Along similar lines, his government simultaneously enjoys "popular sovereignty based on popular sovereignty" while sacrificing "democratic legitimacy based on liberal democratic principles."<sup>25</sup> These seemingly strange dichotomies reflect the paradoxes of the government itself. Free and fair elections take place in Venezuela, and Chávez accepted losing the 2007 constitutional reforms, which demonstrates at least some level of vertical accountability, yet horizontal accountability has gradually shrunk.

As has so often been the case in Venezuela, the question of economic development rests on the question of whether the government has sufficiently nurtured the non-oil sectors of the economy. From a theoretical perspective, at least on the surface Venezuela has modernized, yet remains highly dependent on international demand for a single primary product for export. In 2008, the price of oil dropped dramatically, from a record high of \$147 per barrel in July to around \$50 in the wake of the economic crisis in the United States. It rebounded, but commodity prices can be volatile. Over the long term, the



**TABLE 10.1 Venezuelan Economic Indicators, 1991–2010**

Year	GDP Growth	Inflation	Unemployment	Poverty Rate	Human Development Index
1991	10.2	31.0	8.7	—	0.859
1992	6.9	31.9	7.1	—	0.820
1993	-0.4	45.9	6.6	—	0.859
1994	-3.0	70.8	8.7	42.1	0.861
1995	4.8	56.6	10.3	—	0.860
1996	0.0	103.2	11.8	—	
1997	6.9	37.6	11.4	42.3	0.792
1998	0.6	29.9	11.3	—	0.770
1999	-5.5	20.0	15.0	44.0	
2000	3.7	13.4	13.9	—	
2001	3.4	12.3	13.3	—	0.775
2002	-8.9	31.2	15.8	48.6	0.778
2003	-7.8	27.1	18.0	—	
2004	18.3	19.2	15.3	—	
2005	10.3	14.4	12.4	37.1	0.792
2006	10.3	17.0	10.0	30.2	0.826
2007	8.4	22.5	8.7	28.5	—
2008	4.8	31.9	7.3	27.6	—
2009	-3.3	26.9	7.8	—	—
2010	-1.6	26.9	8.6	—	0.744
2011	4.2	27.1	8.3	—	0.746

Sources: Unemployment: GDP and Inflation: *Preliminary Overview of the Economies of Latin America and the Caribbean*, 1994–2012.

Poverty rate: *Social Panorama of Latin America*. Economic Commission for Latin America, 1990–2012.

Human development index: United Nations, *Human Development Report*, 1990–2013.

most pressing question for the Bolivarian Revolution is whether it can persevere without the same level of oil revenue it previously enjoyed.

Although the country was more stable than others for much of the second half of the twentieth century, the rise of populism in Venezuela is akin to many other examples across Latin America. In Argentina under Juan Perón, Bolivia under Evo Morales, or Ecuador under Rafael Correa we see similar situations in which existing political institutions suffer a legitimacy crisis and pave the way for

a charismatic leader to take over. Perón is an exception, because he successfully created a political party that continued after his death, but Venezuela is similar to its contemporary counterparts in that the national party system essentially disintegrated.

Nonetheless, Venezuela has been much more stable than many other South American countries. Only in Colombia do we see a similar political context, where political elites forged agreements that ended political violence and dictatorship. Those agreements ultimately served to avoid coups but over the long term did foster resentment from those who felt excluded from the political system.

From an economic perspective, the populist response also shows how economic crisis in Venezuela bears similarity to other countries. The debt crisis hit Venezuela very hard, and its dependence on oil demonstrated the drawbacks of relying on the price of a single commodity. Although economic policy in Chile and Venezuela is very different, for example, both are greatly impacted by the price of copper and oil, respectively. The prospect of Dutch disease raises important questions about the sustainability of economic growth and the long-term viability of the Chávez model, especially without the presence of the man himself.

## Key Terms

- Hugo Chávez
- Dutch disease
- Pact of Punto Fijo
- Caracazo
- PDVSA
- United Socialist Party of Venezuela (PSUV)

## Discussion Questions

- Why did support for the two strongest Venezuelan political parties sour so much in the 1980s?
- What aspects of President Chávez's rule conformed to the definition of populism? Do these seem problematic for democracy?
- To what degree was political power in Venezuela under Hugo Chávez more centralized than during the *puntofijista* period?
- What were the primary goals of Venezuelan foreign policy under Hugo Chávez, and to what degree have those goals been achieved?
- What is the impact of oil revenue on Venezuela's overall economic growth?

## Further Sources

### Books

Ellner, Steve. *Rethinking Venezuelan Politics: Class, Conflict, and the Chávez Phenomenon* (Boulder: Lynne Rienner Publishers, 2008). This book challenges traditional notions about Venezuela's "exceptional" democracy and focuses on the underlying class (as well as racial) divisions that were always present in Venezuelan politics. Ellner argues that too much attention is paid to personalities rather than to key socioeconomic factors that influence politics.

- Friedman, Elisabeth J. *Unfinished Transitions: Women and the Gendered Development of Democracy in Venezuela, 1936–1996* (University Park, PA: The Pennsylvania State University Press, 2000). Friedman challenges the idea that Venezuelan political parties were essential for democratization by showing how women were marginalized more under democracy because the major parties were male dominated. The time frame of the book also provides a good overview of twentieth-century Venezuelan politics.
- Jones, Bart. *¡Hugo! The Hugo Chávez Story from Mud Hut to Perpetual Revolution* (Hanover, NH: Steerforth Press, 2007). It is very difficult to write about Hugo Chávez's life without coming down in favor or opposition to his political career, but this book offers a generally balanced, though clearly sympathetic, view. It is a well-researched and thorough account of his life.
- McCoy, Jennifer L. and David J. Myers. *The Unraveling of Representative Democracy in Venezuela* (Baltimore: The Johns Hopkins University Press, 2004). A good collection of chapters that focus on political actors (such as the urban poor, the military, and entrepreneurs) and policy making. It is more critical of the Chávez government, and concludes with a number of hypotheses stemming from the Venezuelan experience.
- Trinkunas, Harold. *Crafting Civilian Control of the Military in Venezuela: A Comparative Perspective* (Chapel Hill: The University of North Carolina Press, 2005). The book analyzes the evolution of civil-military relations in Venezuela, focusing on the decrease in oversight that contributed to the two military rebellions in 1992 as well as the politicization of the armed forces after the 1999 constitution went into effect.

### Web Sites

- Bolivarian News Agency* (<http://www.avn.info.ve/english>). The official news agency of the Venezuelan state offers a version of its Web site in English. It is a very good source for understanding how the government interprets and views current events. It also provides constant updates of news from around Venezuela.
- U.S. Embassy in Venezuela* (<http://caracas.usembassy.gov/?lang=en>). The U.S. embassy in Venezuela provides a counterpoint to the Bolivarian News Agency, focusing on the positive aspects of U.S. foreign policy toward Venezuela and toward Latin America in general.
- El Universal* (<http://english.eluniversal.com/>). This long-standing Venezuelan newspaper publishes articles online in English. In the world of the Venezuelan press, it is no easy task to be balanced, but *El Universal* is more balanced than most.
- The Revolution Will Not Be Televised* (<http://video.google.com/videoplay?do cid=5832390545689805144>). In April 2002, Irish filmmakers happened to be at Miraflores Palace when the coup took place. As a result, they were able to film events from a participant's perspective, which in many cases contradicted official versions of what occurred. The film is available for viewing free online.

## Endnotes

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25. Coppedge 2003, 175–176.