

Venezuela: Rebuilding the Bolivarian Revolution

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The Right's recent success in Venezuela shows how vital it is to reclaim and democratize Hugo Chávez's project.

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The December elections to Venezuela's National Assembly completely changed the balance of power within the chamber. Where once Chavistas had an absolute majority, this time 112 of the Assembly's 167 seats were taken by members of a right-wing coalition, the Democratic Unity Roundtable (MUD).

They were the beneficiaries of an electoral system whose legitimacy their victory demonstrates, despite their repeated claims that Venezuela was a dictatorship [[1](#)].

The victory of the Right was not entirely unpredictable. The Maduro government had been privately discussing the possibility of defeat, though it is unlikely that they anticipated the scale of it. Yet the deeper issue was that President Hugo Chávez, who died in 2013, had won between 53 percent and 63 percent of the vote at every election and referendum from 1999 until his death.

His successor Nicolas Maduro won his presidential contest in 2013 by less than 1 percent over his right-wing rival Capriles Radonski [[2](#)]. In just over two years that support, expressed electorally, fell again to around 36 percent.

In other words, many of those who had consistently backed Chávez had either supported MUD or simply not voted, despite knowing that what united the disparate elements of the MUD was their commitment to dismantling the social advances that had been undertaken under Chávez and rolling back the Bolivarian Revolution [[3](#)].

The election results showed that the relationship between the Bolivarian Republic's spokespeople and its mass base had changed and deteriorated. The cries of conspiracy that followed the vote rang hollow; the issue now, if the Chavista process was to survive its first defeat, was to account for it honestly and openly. Sadly, in the verbal confrontations and rhetoric that followed the entry of the Right into the Assembly, there hasn't been much of either.

The Bolivarian Constitution, drawn up by a special constituent assembly in 1999 after Hugo Chávez won the presidency, established a presidential system in which the head of state had legislative powers through "Enabling Laws."

In 2015, the Right not only won the elections, but did so with a two-thirds majority (even with the four seats that have been challenged) that will enable them to undo much of the social legislation that Chávez introduced, change key personnel, and dominate many state institutions despite the presidential powers. As 2016 begins, the new majority has made clear that they are set on a course of confrontation with President Nicolás Maduro to destroy the legacy of Chávez.

Who Are the MUD?

It is important to be clear about who the MUD are. Despite the insistence of their friends in Washington or Madrid that they are democrats who have been unfairly excluded from power, the truth is much more complex. The group photos of the Right show many faces familiar from previous scenarios that were anything but democratic.

In April 2002, as elected president, Hugo Chávez was kidnapped in a forty-eight-hour coup which failed to bring him down. Many of those now occupying their parliamentary seats in Caracas were open supporters of this assault on an elected government.

In many ways, those two days in April were the beginning of what might be called the Venezuelan Revolution. When news of the coup spread, hundreds of thousands of people from the poor barrios in and around Caracas and other cities surrounded the presidential palace, demanding the return of Chávez.

Later that same year, a bosses' strike brought the country's oil industry, and with it the economy as a whole, to the brink of collapse in a second attempt to destroy the Chávez government. It too failed as a result of mass mobilizations and popular support. But in the course of the strike, many of the same faces reappeared, virulently attacking Chávez and justifying economic sabotage. A third attempt to remove him in a recall referendum the following year also failed.

Thereafter, the battle moved into the economy and into the mass media, much of it privately owned, where the campaign of denigration continued. The polarization deepened, and after Chávez's untimely death in 2013, a series of violent demonstrations against the newly elected Maduro presidency the following year again brought the same people to prominence.

Some of those who led or encouraged the 2014 street barricades are currently in jail and are the object of bitter disputes between the president and the Right. Agitation for their release has been one of the few initiatives undertaken by the new Assembly.

One of those most prominent in earlier events was Henry Ramos Allup, now the new president of the Assembly. He is a member of one of the two established political parties that shared power in Venezuela for over forty years until Chávez's election in 1999 ended the arrangement.

The state they oversaw, bloated with oil wealth, especially after the boom of the 1970s, was a pyramid of corruption and patronage. While the odd crumb fell from the table to poorer Venezuelans in the good years, the wealth of the beneficiaries of patronage was symbolized by the consumption of the finest whiskies in the world and regular trips to shop in Miami.

The credit explosion of the seventies, however, was paid for with high-interest loans from the International Monetary Fund (IMF) in exchange for structural adjustment strategies, whose impact was borne, as always, by the poorest. The president, Carlos Andrés Pérez [4] — another member of the governing elite — had promised in his 1989 election campaign that he would resist IMF demands.

It was a matter of weeks before he surrendered to them. On February 27, faced with price increases and privatizations, the barrios erupted in three days of rioting and protests, known as the *Caracazo*, by the end of which three thousand poor Venezuelans were dead, killed by the state's armed forces.

Hugo Chávez, then a young colonel in the parachute regiment, led a brief military coup three years later. It barely lasted a day, and Chávez was jailed — but he became a nationally recognized figure and a conductor for the resentment and anger of a population suffering badly from the continuing effects of IMF strategies. It was a costly error on the part of the government to give someone as talented as Chávez even a minute of air time.

By the mid-1990s, over 60 percent of Venezuelans were living in extreme poverty. Worse still, these conditions were imposed by a series of governments, some of which included ex-members of the guerrilla groups that had emerged in the country two decades earlier.

The candidates in the presidential elections of late 1998 perfectly illustrated the divisions within Venezuela as the century drew to its end: Manuel Rosales, the wealthy ex-governor of the oil-rich Zulia province, a beauty queen, Irene Sáez, who was mayor of one of Caracas's wealthier districts (both white) and Chávez, whose dark skin and popular speech displayed his social background.

Chávez won, with over 50 percent of the vote.

The Bolivarian Promise

Last December, the first action of the new Assembly president, Ramos Allup [5], was to publicly remove every portrait of Chávez from the building. But it will take a great deal more than that to erase him from the popular memory.

Chávez was elected to the presidency on a Bolivarian program that moved immediately to an elected constituent assembly tasked with rewriting the constitution, which introduced clauses concerning human and indigenous rights. It was Bolivarian in its promise to restore a Latin American unity independent of imperialist, and specifically US, control.

Chávez's personal charisma was undeniable, but beyond that he had come to power promising to redirect Venezuela's huge oil wealth, representing around 90 percent of its export earnings, to social programs and public spending and to reverse the damage done by a decade of IMF adjustments.

The national oil company PDVSA, for example, while notionally in state hands, in fact operated with virtual autonomy, hand-in-glove with the largely US-based oil multinationals like Exxon and Chevron; between them they kept most of the industry's profits.

Chávez's background and origins were evidence that he did not come from the odious and corrupt ruling group who had enriched themselves from oil profits for so long. He promised that the rotten bureaucratic state would be replaced by one serving the majority of the people. Later, at the 2005 World Social Forum [6], Chávez would give a name to this new kind of political arrangement that rested on *poder popular* — people's power. He called it twenty-first-century socialism.

That vision both coincided with, and inspired, the resurgent social movements of Latin America at the new century's beginning. Just as they were forging new organs of power — new mass democratic organizations born out of struggle, as in Bolivia and Ecuador — so was Chávez taking back the resources of the nation to be used not for private profit but for public benefit.

Venezuela was becoming a leading actor in the struggle against neoliberalism, the forging of a new kind of state. After the failed coup and bosses' strikes of 2002 and 2003, the national oil corporation passed into public hands; its revenues would now be directed towards the "Missions" [7] — social programs in health, education, and housing.

This was still not popular power, however, though it was the foundation of a kind of welfare state benefiting millions of ordinary Venezuelans. And it also seemed at the time that the Missions could become organs of popular government, in contrast to a state machine still administered and run by many elements of the old order.

After his triumphant reelection in 2006, Chávez announced the formation of a state-led political party, the United Socialist Party of Venezuela (PSUV), and invited Venezuelans to join en masse, which they did. It promised to embody the concepts at the heart of twenty-first-century socialism — rank-and-file democracy, transparency, an increasing involvement in the decisions affecting the lives of the majority, and a mass party driven from below.

In this new phase, the grassroots organizations would oversee the redistribution of oil wealth combined with a clear shift away from oil dependency. All this would be made considerably easier by the historic rise in the world oil price. There would be new industries and an impetus towards new agriculture, cutting the country's food import bill.

But this did not happen. The party that emerged at the end of 2006 was not the open, accountable party driven from below, embodying the people's power that Chávez had promised at Porto Alegre a year earlier. It was a party modeled on Cuba's ruling Communist Party, controlled entirely from the upper echelons of the state and with little internal democracy.

The Missions were still in place, and the idea of popular power was upheld in the renamed government ministries. But something changed in the course of 2007, especially in the relationship between the mass base of the process and its leader.

Chávez was always immensely popular and charismatic, and his presidencies focused intensely on his personal role. The grassroots organizations on which his earlier periods had so obviously rested seemed increasingly absorbed into the state machine, its leading figures often given governmental posts.

In PDVSA and other key industries, the brief turn towards forms of workers' control was stopped in its tracks. The new head of PDVSA, Rafael Ramírez, practiced a style of management indistinguishable from any other corporation in its absolutely hierarchical order. Moreover, the pioneering experiment in collective management at the Alcasa aluminium plant was put to an end.

The effect of this and other measures was to undermine the possibility of a mass base able to engage in critical dialogue with the state — the relationship that had been promised at Porto Alegre.

Origins of a Crisis

It was already becoming obvious that the oil industry was failing to live up to its promise of rising production, and that increasing capital flight was creating a hemorrhage of dollars from the public purse through currency dealings through the Central Bank and other financial institutions.

Despite grandiose assurances from Ramírez, among others, oil production did not rise to 5 million barrels a day. Real figures are hard to come by, but it is unlikely that it even reached the 2.5 million

barrels of the early twenty-first century. Shortages of raw materials and spare parts were already beginning to affect industry, and agricultural production was declining through the diversion of state subsidies, corruption, and mismanagement.

At this stage, the poor still had a guarantee of basic supplies at subsidized prices through schemes like Mercal [8]. But the cracks were starting to show well before Chávez's death. Rumors of corruption in the state sector became more and more insistent; rumor is an unreliable narrator of course, but the evidence was mounting.

Barrio Adentro, the emblematic health sector, was functioning less and less well and increasingly deprived of basic supplies. The hospital sector, meanwhile, was the victim of systematic theft of equipment and drugs, often carried out by armed gangs.

Supermarket prices drifted up as shortages began to appear in pharmacies and the services sector. And departments of state, from the pensions service to the passport office, became more obviously corrupt, while the early expropriations of factories and land were not producing results. Clearly, state funds were not reaching their targets.

At the heart of the corruption, however, was currency dealing and capital flight [9] — both in reality amounted to disinvestment, and provided ample opportunities for enrichment. Anyone looking for dollars had to go the government or one of its exchange systems; the applicant would be sold their dollars at a preferential rate of six or twelve bolivars to the dollar, depending on whether the goods they would pay for were essential or consumer products.

Corruption marked every stage of this process, from those who provided the permits to the importers applying for the currency. The profits involved — given that the parallel rates in the exchange market were already ten or twenty times the official one — were enormous.

Typically, only a small percentage of the goods indented for would come back to Venezuela — and many of those that did would be resold in a contraband trade with Colombia which multiplied the profits many times. What remained in the domestic market would be sold at inflated prices calculated against the black-market dollar.

Apart from an exponential rise in the level of inflation, this also created shortages which accelerated rising prices. At the time of writing (early 2016) the official dollar exchange rate is still around 12 bolivars to the dollar, while the black market rate hovers around 800.

What has been public knowledge for some time has only recently been explicitly confirmed. *Swiss Leaks* [10] identified a number of billion-dollar accounts held by Venezuelans; the US government (for its own purposes of course) has identified many more in the US and elsewhere.

Some of these are held by members or ex-members of the Bolivarian government. Rafael Ramírez, ex-head of the oil corporation, was removed without explanation in 2014 and is now oddly silent. It is highly likely that he and other leading figures have enriched themselves and their families to the tune of millions of dollars from the public purse.

The government denies everything, as is to be expected. But less easy to deny is the traffic in influence and power when, for example, Cilia Flores, the wife of the president, placed sixty-five of her relatives in posts in the Assembly when she was its president. When she replaced Ramírez in the oil corporation, many more friends and relations appeared in key and remunerative posts.

With equal dispatch, long-standing and respected political figures have been removed and demonized. Four key figures, three of whom had been senior ministers, lent their names to a letter

to President Maduro just before the election calling on him to act against corruption and to explain the disappearance of \$420 billion of oil earnings from the state treasury.

Significantly, and in parallel, the party that was to be the expression of the new forms of socialism from below has become a machine of patronage almost totally devoid of any democratic processes.

For all these reasons, the economy is in deep and enduring crisis. Maduro has attributed it to an “economic war.” [\[11\]](#) And there is no doubt that the commercial sector, producers and retailers, have used the situation for their own profit — through money laundering, hoarding of goods, and by creating deliberate shortages followed by almost weekly price rises, and in many cases selling goods to back-door selling networks to avoid taxes and accountability.

At the same time, the phenomenon of the *bachaqueros* has reached monumental proportions. These are smugglers who divert goods across the Colombian border at enormous profit on the one hand, or sell goods unavailable in shops in the barrios at vastly inflated prices on the other.

Their existence is explained not simply by some international conspiracy, but by a combination of economic sabotage, the corruption that involves the army and the police in the profiteering, and the collusion of public servants and people at every level of power. There are, of course, periodic announcements of price freezes and expropriations, but the former are ignored and the latter rarely happen.

The reality is that a new political class has emerged at the heart of the state which claims the heritage of Hugo Chávez, but whose conduct makes nonsense of the precepts Chávez stood for. Instead, this new state mimics the old, with its mechanisms of patronage and favoritism. Ministers and leading civil servants rise and fall with sometimes dizzying speed, while the upper echelons control billions of dollars worth of spending.

State contracts include massive “commissions” to those who grant them, public administration has virtually ceased except where encouraged with gifts, large state investments have simply disappeared. And, especially recently, the armed forces have come to control growing numbers of ministries and state agencies. It is here, in the public sector, where the crisis of the revolution is most obvious.

For ordinary people, with the exception perhaps of those enjoying the benefits of patronage, life has become increasingly difficult under Maduro’s presidency. Inflation figures are the highest in Latin America — officially at around 200 percent last year, they were considerably higher in practice.

But this is even more significant if we translate that into the realities of daily living. The minimum wage, with the food vouchers that are normally added, amounts in February 2016 to around 20,000 bolivars per month. The Central Bank calculates that a basket of basic goods for a family of five requires five minimum wages. Goods disappear from supermarkets, sometimes for weeks at a time — even the state-subsidized ones.

When a batch appears at the official price, queues form at dizzying speed, despite the fact that only people whose identity card begins with a certain letter can shop on a given day. The goods melt away and it is obvious that there are groups buying in quantity. The products then reappear in informal networks at inflated prices.

This is true of the most basic necessities — diapers, milk, toilet paper, flour, sugar — but also of spare parts, building materials, and so on. Most pharmaceutical products — cancer drugs, aspirin, birth control pills — are simply unavailable across the counter. Yet on a recent visit to Bogotá, my partner found her thyroid pills sitting in piles at pharmacy counters; they had been impossible to

find in Venezuela, yet each box carried a “Made in Venezuela” label.

The situation is exacerbated by the virtual paralysis of production, industrial and agricultural. The recent announcement of a fall in the level of imports by 17.8 percent is indirect evidence of that, and certainly not an indication of higher levels of domestic food production.

Major infrastructural projects like housing schemes, roads and railway construction, and the development of the port of La Guaira do continue, however. The paradox has an explanation — the role of Chinese capital. These projects are financed by Chinese loans or investments and built by Chinese labor. China has become a central economic partner, and some commentators now describe Venezuela’s economy as modeled on “Chinese market socialism.”

For most socialists, myself included, China is a state-capitalist government aggressively dedicated to seeking a position of domination in the world economy. Its rising number of billionaires is hardly convincing evidence of the redistribution of wealth implicit in the idea of socialism.

In the case of Venezuela specifically, Chinese funding has acted in a classic imperialist manner, seeking markets and privileged access to the raw materials it needs to facilitate its own rapid industrial expansion. Its contributions to the Venezuelan (and Ecuadorian and Brazilian) economy have no political component, in the sense of supporting any specific political project.

The relationship is familiar and exploitative; loans are paid for with oil and with lucrative state contracts, which bring no secondary benefits at all since both management and workforce are brought from China in every case.

Yet more than half of all Venezuela’s international treaties and agreements since 1998 have been with China. Significantly, the twenty-seven or so projects in Venezuela involving Chinese finance publish no accounts, including the Fondo Chino which probably represents some \$60 billion of investment.

The Consequences

As 2015 unfolded, the crisis deepened. The response of the state was frankly weak and diversionary. The economic arena, like fair-price legislation and emergency assistance to production, was conceded to new ministries headed by young and inexperienced ministers, in some cases relatives of the president, whose sole qualification was their loyalty. And as oil production was facing increasing technical and managerial problems, the international oil price began to fall dramatically.

Nicolas Maduro’s regular visits to the Middle East brought few if any results; evidence, if any were needed, of how critical Chávez’s presence and influence had been within OPEC. Oil revenues were no longer sufficient to guarantee levels of state spending, and the gap was filled with investments from China, Iran, Russia, and Belarus among others. The national budget was adjusted and pegged to a \$60-a-barrel level, while the actual price has continued to fall to the current \$32.

But there were other grave problems, too. Only Honduras had higher rates of violence than Venezuela, where the realities of rising levels of street crime were exacerbated by a kind of moral panic among many elements of the population. The fear of violence added its influence to the effects of actual criminality which the state and the forces of order seemed unable or unwilling to stop.

In the poor districts, this wave of violence merged with the impact of a drug trade which has become increasingly dominant here as Colombian cartels moved their operations into their neighbor’s

territory. It is difficult to draw a precise line between drug trafficking and the corruption of the system. In fact, they seem to be intimately interwoven.

This rapidly deteriorating situation was masked by endless appeals to the spirit of Chávez and the profound respect and loyalty his name commanded among ordinary people. But the day-to-day reality is always the most powerful test of public rhetoric. And while the talk was of economic war and socialist revolution, Venezuela emerged as the country where private capital was earning the highest profits and where corruption was among the worst in the world.

It could be argued, and was by many supporters of the Bolivarian process, that there was no proof for the rumors and that they were encouraged by a right-wing press and media. In fact, most of the media in Venezuela today is state-owned or supported. And if the details of the individual wealth of leading figures in the government are murky, what is not at issue is the unexplained disappearance of massive oil revenues and the decline of both the welfare system and public spending.

In the countryside, production is falling as whole areas are dedicated to the drug trade, while the lack of spending on pesticides and fertilizers is having a dramatic impact. This decline is happening in every area, and the encouragement of small business by government has had little or no impact.

Meanwhile there are many among the wealthiest sectors of Venezuelan capital, the speculators and international traders, who support MUD but happily work with the Maduro government.

The most distressing element of all this, however, is the gradual disappearance of what was the most moving and inspiring facet of the Bolivarian Revolution — its defense of social and collective solidarity, within Venezuela and between the progressive governments of Latin America.

At the level of rhetoric this continues, but Venezuela is no longer a model of the new social democracy. The recognition that this was the case is what explains the results of last December's election. There are no excuses. But in a country as highly politicized as Venezuela, with its residue of political commitment and the experience of genuine grassroots organization, there should still exist a possibility of rebuilding, of a return to the hopes of the past.

MUD will not continue the revolution, develop a welfare state, or build on a disinterested solidarity. It will return to competitive private capital wrapped in a spirit of revenge that is particularly irksome when one of the failures of the later Chavista process was its abandonment of any notion of wealth redistribution. The new Assembly will appoint its own to most influential state posts and legislate for the return of the oil corporation to the private sector.

And unlike the Bolivarian governments, they will have little difficulty in finding support, economic and ideological, abroad. It will be seen as a return to the fold, as Venezuela returns to its embrace with global capital.

MUD is an alliance of hostile forces linked only by a rabid loathing for Chávez and his Bolivarian Revolution. Within days, the signs of internal rifts were showing. Ramos Allup's provocations are likely to cause internal splits quickly; he was, after all, the scourge of the Left in his day.

What is urgent now is an honest accounting that will spare no effort to investigate the realities of sabotage and counter-propaganda against the Bolivarian Republic, and expose the corruption and self-enrichment of those who claimed to act in best interests but were simply lining their own pockets.

That is the only response that can win those who supported Chávez over to a radical project, one informed by the errors of the past. The captains who drove the ship onto the rocks cannot be the

those charged with setting a right new course. That task must fall to the organized grassroots who are, after all, the real forces of any revolution.

Just before his death, Chávez wrote a preface to his 2013-19 Plan for the Nation; it began with a call to change course, recognize failure, expose corruption, and renew the movement from below. We have not yet transformed the state, he said. History has proved not just that he was right, but that a significant proportion of his supporters know how right he was. And they also know what awaits them under a government run by Allup and his ilk.

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P.S.

* Jacobin. 03.05.2016:

<https://www.jacobinmag.com/2016/03/venezuela-chavez-maduro-mud-elections/>

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Footnotes

[1] <https://www.theatlantic.com/international/archive/2015/12/maduro-venezuela-election-democracy/418860/>

[2] <http://www.aljazeera.com/indepth/spotlight/venezuelaelection/2012/09/201292815641895506.html>

[3] <https://www.jacobinmag.com/2015/12/venezuela-elections-hugo-chavez-maduro/>

[4] <http://www.nytimes.com/2010/12/27/world/americas/27perez.html>

[5] <http://www.bbc.com/news/world-latin-america-35220773>

[6] <https://venezuelanalysis.com/news/907>

[7] <https://venezuelanalysis.com/tag/social-missions>

[8] <https://venezuelanalysis.com/news/6954>

[9] <http://www.eluniversal.com/economia/120315/venezuelas-capital-outflow-climbs-to-usd-33-billion-in-2011>

[10] <https://projects.icij.org/swiss-leaks/countries/ven>

[11] <http://www.eluniversal.com/economia/160217/venezuelas-maduro-the-economic-war-has-permeated-the-emergency-is-true>