

Interview

Venezuela: What's Going On? - On the trajectory and contradictions of the Bolivarian process

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THE ECONOMIC COLLAPSE in Venezuela, and the appalling social crisis and desintegration of the “Bolivarian Revolution,” is widely reported but only thinly analyzed in the media. We explore here some of the background and dynamics of the disaster.

Jeffery R. Webber was interviewed by George Souvlis for the online journal [salvage.zone](#) [1]. The discussion is wide ranging, covering developments in Latin America from the 1970s including its use as a testing-ground for neoliberal restructuring, the subsequent rise of autonomous social movements and the Bolivarian “pink tide” of left governments and recent developments. Webber is Senior Lecturer at Queen Mary, University of London. We are publishing here the final set of questions in this part 1 of the interview, on the present crisis in Venezuela.

George Souvlis: Let's move on to discuss the case of Venezuela. What were the main gains and limitations of the Chavez regime? In what way did the global economic crisis influence the Bolivarian process there? What is the legacy of Chavez, and what has changed since his death?

Jeffery Webber: The rhythm of the Bolivarian process has been somewhat out of step with the rest of the Pink Tide. A standard narrative of Chavista activists and sympathetic intellectuals is to point to the origins of the process in the Caracazo uprisings of 1989, and to chart an onward and upward trajectory from that departure event, at least until very recently.

In one sense, this account is useful insofar as it turns our attention away from institutional parliamentary politics and big-man historical narratives with a narrow focus on the biography and leadership of Hugo Chávez and the succession of elections since 1998.

In another sense, though, it can be misleading insofar as it fails to see that the density and breadth of Venezuelan popular movements in the 1990s and early 2000s was not anywhere near comparable to Bolivia, or Ecuador, or even to Argentina. Chávez wasn't elected on the wake of powerful uprisings and political left-wing renewal.

Rather, his hastily concocted electoral coalition in the 1998 elections was successful because it filled a vacuum in an environment in which the traditional parties of the post-1958 Punto Fijo system were in irreparable decline, neoliberal restructuring of the 1990s was deeply discredited, social movements were weak, the labor movement was dominated by a bureaucratic federation loyal to the traditional parties, and there were no surviving parties of the Left of any social or political significance.

Chávez stepped into this vacuum on a modest platform of third-way social liberalism, anti-corruption, and doses of Latin American neostructuralism via the reading of Osvaldo Sunkel [a Chilean economist and writer on “dependency” theory — ed.] that Chávez had completed while imprisoned for his role in a failed coup attempt in 1992.

The first period of the Bolivarian experience in government stretched from the actual assumption of office in early 1999 until 2002. The signature initiatives of this first phase were the formulation of a new progressive Constitution through a participatory Constituent Assembly in 1999, and moves to reassert public control over the state oil company PDVSA, which had been nationalized in the 1970s but had become a “state within a state,” largely operating as a private, autonomous entity.

However tepid the general trajectory of social reform in these early years, it was enough to light a fire under the Venezuelan Right which launched a failed coup attempt in April 2002, and followed up with an oil lockout in 2002-2003, meant to destabilize the Chávez government by cutting off the blood flow to Venezuela’s economic system.

It was only later, through the defensive mobilization of the grassroots supporters of the democratically-elected Chávez in the poor neighborhoods of Caracas and elsewhere, that a new density of popular infrastructures of organizing began to emerge from below — together with a punctuated radicalization of the government from above — such that between 2003 and the 2006 national elections the Bolivarian process lived through arguably its most creative and dynamic period, coinciding with a spike in the international price of oil in 2004.

The phenomenal uptick in state revenue allowed the extension of Chávez’s rightly celebrated social programs — the health and education missions, above all.

Poverty was dramatically reduced, participatory democracy was expanded through what would become communal councils and eventually communes, there were initiatives of workers’ control in non-strategic areas of the economy, the development of cooperatives began to pick up pace, and the pledge by Chávez to build “twenty-first century socialism” was announced for the first time in 2005.

In geopolitical terms, oil revenue financed Chávez’s initiation of various potentially counter-hegemonic regional projects such as ALBA, Bank of the South, the common currency Sucre, and Petrocaribe.

All of these are now moribund or ailing badly, but in the mid- to late-2000s they represented a potential basis for transnational collaboration between the growing number of Left and Center-Left governments in South America, and relative autonomy from U.S.-dominated institutions like the Organization of American States (OAS).

Top-Down Contradictions

These parallel domestic and regional processes of radicalization were extremely popular, as the overwhelming support for Chávez in the 2006 elections demonstrated.

However, as Julia Buxton points out in a recent interview in *New Left Review* [2], 2006 also marked the beginning of a third phase characterized by ideological clampdowns on internal pluralism within ruling circles of chavismo and supporting institutions.

The creation from above of the Partido Socialista Unido de Venezuela (United Socialist Party of Venezuela, PSUV) in 2007 initially generated enthusiasm and millions of new members, but it never realized its potential due to its rigid verticalism, lack of internal debate, and the generalized absence of participatory democracy within the party.

In subsequent years the party was reduced to little more than an electoral machine. A genuinely independent labor confederation never really got off the ground, despite several attempts.

In 2007, Chávez experienced his first defeat in an electoral contest, after his proposed package of constitutional amendments was rejected in a popular referendum. The result was a product of top-down decision making in the leadup to the referendum and skepticism about the bureaucratizing direction of the Bolivarian process.

What became evident in this third period was the even further solidification of the oil sector as the near-singular engine of the Venezuelan economy. Industrialization projects under Chávez paled in comparison to those attempted in the last great oil renaissance by the first Carlos Andrés Pérez regime in the mid- to late-1970s.

Nationalizations under Chávez occurred in telecommunications, electricity and a series of other sectors in a haphazard pattern, but the government grew increasingly suspicious, even hostile, to workers' control initiatives and frequently thwarted rank-and-file union democracy in state-owned enterprises.

The statist inflection of the dominant vision of "twenty-first century socialism" became more and more apparent, and was criticized by the Left within chavismo. Statism from above was accompanied by a lack of strategic transitional vision for the economy, despite the rhetoric of 21st century socialism.

There was rapid turnover of technical personnel in public industry and key areas of the state apparatus, and thus repeated failures to implement the meteoric rise in successive, short-lived, ill-considered government initiatives across several domains.

A complicated, multi-tiered system of controls in the system of exchange rates and pricing, paired with a willfully impenetrable system of national accounting, opened up vast new areas for corruption. The most important economic analysis of these issues has been done by the Marxist economist Manuel Sutherland.

Old and New Problems

Ahistorical recriminations in the mainstream media aside, these are obviously not new problems to Venezuelan politics and economics; indeed, they are quintessential characteristics of general 20th-century patterns in the country. Nonetheless, the biggest limitation of the Bolivarian project has been precisely its inability to alter such dependencies.

The intensification of the petro-economy under Chávez led to major structural distortions and contradictions, even before the recent fallout from the global crisis in the form of declining oil prices. It meant the undermining of domestic production, a deluge of misdirection of subsidized

foreign currency that was meant to purchase food and basic consumer goods inputs.

By 2012, according to one former president of the Central Bank, of an allotted \$US59 billion in subsidized foreign exchange, roughly \$US20 billion had been siphoned off into shell companies with no productive purposes, and consequently into the hands well-placed civilian and military bureaucrats, alongside connected capitalists — together, the pillars of the so-called bolibourgeoisie.

What this suggests is that some of the problems facing the Bolivarian process today are not reducible to short-term political errors made after Chávez's death, or a pristine parental legacy poisoned by inept offspring. There are clearly structural and historical limits to the project that run much more deeply.

While the Bolivarian process exhibited a number of social and participatory achievements, these were always vulnerable given the failure of the Bolivarian process — and the wider regional Pink Tide — to alter Venezuela's and the region's historic, subordinate insertion in the international division of labor.

In fact, oil dependency deepened. In 1998, oil's share of total export value was 68.7%, whereas in recent years it has risen to 96%. The social gains of the Bolivarian process have always been intensely fragile as a result, acutely sensitive to fluctuations in global oil markets.

Economic and Social Disaster

The latest crisis of global capitalism has struck Venezuela fiercely. As early as 2009, the repercussions began to make themselves felt sharply. But in the last three years this has reached a whole new level of crisis, which the international Left would be negligent to minimize.

The price of oil in 2013 fell from \$US100 in 2013, to \$US88 in 2014, to \$US45 in 2015, and to as low as \$US24 in 2016. The social, political, and economic consequences have been dramatic, as Egardo Lander's hard-hitting recent report for the Andean Regional Office of the Rosa Luxemburg Institute indicates.

According to the latest figures of the UN Economic Commission on Latin America and the Caribbean, Venezuela had negative gross domestic product growth in 2014 at -4.0, in 2015 at -7.1, and a further projected contraction of -7.1 in 2016.

While debt levels as a proportion of GDP have not yet reached a structural breaking point, with seriously declining revenues the ability for the state to pay these debts is weakening, and international reserves are plummeting — according to Lander, available international reserves in June 2016 were only 41% of those available at the close of 2012.

Inflation is running at the highest rate in the world. Scarcity of basic goods, food and medicine has been amplified by the reselling of subsidized goods on the domestic black market, or smuggling to neighboring markets in Colombia. This takes place both at a large scale of corrupt public officials and connected private capitalists leveraging the extreme variance between prices, and at a small scale, as a survival strategy for impoverished families involved in petty, informal, illegal trade.

Health services are in steep decline, with scarcities in equipment and medicines driving Venezuelans with the means to acquire these inputs privately and supply them to the hospitals or health centers for their own treatment. For extended periods this year, electricity outside of Caracas was being rationed to four hours of service per day.

Unsurprisingly, all of these dynamics are hitting the poor most severely, as the earlier social gains of the Bolivarian process are reversed, poverty increases, and inequality spikes and assumes new forms.

This structural economic crunch was the unenviable environment in which Nicolás Maduro, Chávez's successor, assumed the presidency. One-dimensional characterization of the crisis as a product of his leadership failings should be dismissed. But the Maduro government has hardly inspired confidence insofar as it has attempted to reduce these serious structural dynamics to an "economic war" waged by capitalists, and the ongoing machinations of imperialism.

The Misery of Rentier Capitalism

The belligerence of capital and the interests of imperialism in deposing Maduro are real. With echoes of right-wing tactical maneuvers in Chile under Allende (1973), there is evidence of hoarding of food and basic goods by private producers in an effort to intensify shortages and destabilize the government.

Meanwhile, with about as much credibility as Reagan's 1980s maniacal fears of Sandinista Nicaragua, as recently as last year Obama labeled the Venezuelan political and economic situation an unusual threat to the national security of the United States.

The United States has consistently backed the anti-Bolivarian opposition financially, not least through the National Endowment for Democracy, focusing in recent years on student opposition in particular. Still, the government's overall assessment of the crisis is implausible, and strikes much of the population as such.

Rather than an "economic war" or imperialism, the principal concern of the present crisis in Venezuela is the regular misery of rentier capitalism in a situation of declining rent. It is in the context of the appearance of the contradictions of that underlying structural condition, and the failure of the Maduro administration to propose plausible exit strategies, that the domestic Right and imperialism are taking advantage and seizing the offensive.

This is coinciding, of course, with electoral shifts to the Right in Argentina under Mauricio Macri, and the execution of the parliamentary coup in Brazil. Popular support for Maduro is in precipitous decline, even if the right-wing opposition coalition of the Mesa de Unidad Democrática (Democratic Unity Roundtable, MUD) inspires little confidence.

In the March 2013 presidential elections Maduro beat the MUD candidate Henrique Capriles by less than two percent of votes, compared to a spread of almost 11% between Chávez and the opposition in the last election in which Chávez participated.

This was followed by the majority victory of the MUD in the December 2015 elections for the National Assembly, precipitating a stalemate between the executive and the assembly, and the frequent resort to presidential decree by Maduro as a result.

Capriles and his supporters refused to accept the veracity of the 2013 electoral results, for which no evidence of fraud was provided, and he was initially supportive of violent street protests in 2013, in which eight government supporters were killed. But when the protests fizzled out, he entered into various compromises with Maduro and opted to focus principally on institutional contestation in forthcoming municipal and assembly elections.

A window was opened for the “hard right” of Harvard-educated Leopoldo López (now in prison), National Assembly delegate María Corina Machado, and the mayor of Caracas, Antonio Ledezma.

Around the slogan #LaSalida, or “exit,” in February 2014 they mobilized their bases in violent demonstrations with the explicit intent of overthrowing the democratically elected Maduro government. Forty-three people were killed, at least half at the hands of the opposition.

The right-wing opposition continues to demonstrate its pragmatic relationship to the niceties of liberal democracy — to be used when possible to win, to be transcended when necessary with violence and destabilization. But the majority of new opponents of Maduro cannot be equated with the organized plotters.

Probably half the population, according to various polls, considers itself neither with the government nor with the opposition, or “ni-ni”; but negative views of Maduro’s presidency in particular are much higher even than this. In other words, there is genuine popular discontent with the Maduro administration, not merely the virulent right-wing of oppositional fanaticism.

Recall Referendum

The latest political development revolves around a recall referendum to replace Maduro. The 1999 Constitution enables this possibility. The National Electoral Council (CNE), after questionably rejecting 600,000 of two million signatures for a petition calling for a referendum, did recognize in August that the opposition had successfully collected signatures from over one percent of registered voters, thus allowing for the following stage of collecting signatures from 20 percent of the electorate which would result in a referendum.

If the referendum happens before January 2017, halfway through Maduro’s term in office, and was successful in defeating Maduro as it likely would be, new national elections would have to be held. If it is held only after January 2017, then Maduro would have to step down and the current Vice President, Aristóbulo Isturiz, would simply finish the presidential term on his behalf. [At this writing the Electoral Commission has ruled for the later timing of the referendum — ed.] It is obvious that the government is attempting to delay the referendum process so that it can happen only after the January cutoff point.

But it is also true, as Gabriel Hetland pointed out recently in *The Nation*, that the opposition has itself delayed the referendum process in a number of ways, probably calculating that given the severity of the crisis and its likely further deterioration in the short term, it would be better for them if Isturiz were saddled with the burden of state administration until the scheduled 2019 elections.

At that stage, the Bolivarian project would be so discredited that only the most inept opposition couldn’t but step in and assume the reins of state.

Jeffery R. Webber interviewed by George Souvlis

P.S.

* Against the Current n° 185. November-December 2016:

<http://www.solidarity-us.org/site/node/4812>

Footnotes

[1] <http://bit.ly/2cznQAb>

[2] May-June 2016, <http://bit.ly/29joQGU>