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Venezuela

# The process is locked in its contradictions

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**Like the image of the emblematic Hugo Chavez, the Bolivarian process never fails to surprise by the contradictions that it generates. Of course it is advisable to strongly remind ourselves that it is the most interesting experience that exists up to now.**



### **Brazilian President Lula and Venezuelan President Hugo Chavez**

But the laboratory of ideas that is Venezuela today gives rise not only to the most insane hopes but also to a considerable degree of exasperation, without either of these two feelings being able to make us say definitively that the Bolivarian process is one more abortive revolution, or the framework of the future socialist society to which we aspire.

We will not go over again the advances of the process. They are known and recognized, and have been the subject of many articles. It is rather to the figure of Hugo Chavez that it is necessary to pay attention, because it has to be recognised that he is the essential keystone for an understanding of what has been going on in this country for ten years now. The contradictions of Chavez's personality have a profound impact on a process which, in reality, can only be chaotic. By turns spellbinding by the force of his discourse and the smoothness of his analyses and disconcerting by his alliances against nature with Russia or his volte-faces with Alvaro Uribe, the Colombian president, Chavez troubles, provokes, questions us and in fact, makes it difficult to develop a pertinent analysis of a process that is ceaselessly in movement, and which can from one day to the next render invalidate our view of what is happening with the Bolivarian revolution. And over the last few months, the actions and speeches of the Venezuelan president have been more than a little destabilising.

## **Liberal economic measures or a Bolivarian NEP?**

The economic situation of the country is alarming. So we can understand the attempt of Chavez to re-launch the Venezuelan economy faced with the structural difficulties which confront the country, difficulties often inherited from the previous regime of Punto fijo [1] [1]

For many years, inflation has ranged between 25 and 30 per cent per annum, and the decision in May by president Chavez to increase the wages of civil servants by 30% does not in any way solve the fundamental problem, because the capitalist bourgeoisie regularly increases the price of basic foods by 30 per cent or organizes a lockout so as to worsen shortages - one of the opposition's favourite tools of destabilization.

Agriculture (sugar cane, corn, bananas, rice and stock raising in particular), neglected during the oil adventure, no longer represents any more than 5 per cent of GDP and employs scarcely 10 per cent of the active population. Admittedly the system of communal banks, established four years ago, has made it possible to finance many agricultural cooperatives. Thus in 2007-2008 the surface of cultivated land increased by 20 per cent, and production varies, depending on the crops, between +10 and +25 per cent. But in Venezuela the problem is not to find land to cultivate, but people who are ready to cultivate it. There is indeed more land that has been recovered than peasants to work it.

Imports of food can reach up to 80 per cent of domestic consumption (Venezuelan domestic production is for example unable to satisfy the national consumption of eggs!). The country imports almost all its goods of production, whereas, in addition to oil, Venezuela exports iron (12th world producer), steel, aluminium, bauxite and gold.

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The problems eating away at the economy are real, in spite of sustained economic growth of almost 10 per cent per annum and a GDP of around 180 billion dollars, which makes Venezuela the fourth economic power of Latin America [2] [2] So last a June series of measure was announced which were supposed to re-launch the country's economy, but the least that can be said is that they are at best inspired by Keynesianism, and in the worst cases are frankly liberal [3] [3] Among other things, the creation of a fund for strategic productive sectors was announced, financed to the tune of a billion dollars. Half of this was to be provided by Venezuela, while the other 500 million would come from Chinese investment. These billion dollars are destined for both public and private projects, as well as joint public-private enterprises. They will have to be invested in strategic sectors like food production, agro-industry, manufacturing and the production of goods based on Venezuela's own raw materials and basic resources.

Chavez also announced also the re-launching of the "Fabrica Adentro" programme and the creation of more than a thousand Venezuelan enterprises "shared with the workers since shares will be sold to them" (sic). These mixed companies are intended "to develop and raise productivity".

During this announcement, an easing of exchange controls was also proposed for small and medium-sized companies for imports of goods of production, machinery and spare parts for goods of production, in order to speed up necessary imports of goods of production or of raw materials necessary for production.

Finally and especially, as regards taxation, president Chávez announced the elimination of the tax on financial transactions, "a tax which slows down the productive process".

These were so many measures that were taken in order to reassure the middle-classes in view of the forthcoming electoral deadlines in November (municipal and federal elections), but which risk reinforcing the rate of abstention among popular layers.

But beyond even the measures themselves, it was the choice of the form of the announcement which was the most disturbing. In fact, it was done with great pomp, in the company of approximately 500 entrepreneurs from different sectors of the Venezuelan economy, among whom were Lorenzo Mendoza of the Polar companies (beer), Oswaldo Cisneros of Digitel (telephones), Juan Carlos Escotet of Banesco (banks) and Omar Camero of Televen (television). Chávez reminded us on this occasion that it is the private sector that has the greatest weight in the running of the country's economy.

A whole official current of the government defended these measures and the alliance with the bourgeoisie as a transitional stage, aimed at strengthening Venezuelan industry, employing the term of NEP [4] [4], deforming the meaning of the name of the policy that Lenin and his comrades found themselves obliged to implement, by allowing capitalist investment, in particular in agriculture.

It would quite clearly be an error to analyze the Bolivarian process from a classical point of view, where the definition of the moment when the stage of transition starts refers to the moment when the pillars of the old bourgeois State are destroyed. Admittedly, to try to understand and analyze the characteristics and particularities of this revolution supposes being able to discuss everything, including what might be taboo between us. However it seems difficult to understand in what way these measures, defended by Chavez, permit a strengthening of the process, in the framework of a future stage of transition.

## Going back to the nationalisations

Twelve days later, when the most radical wing was wondering about the logic of such economic reforms, Chavez caught everyone on the back foot by announcing the nationalization of the sugar factory of Cumanacoa in the state of Sucre, in the framework of a plan for the development of endogenous production of sugar cane.

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This nationalization followed those of Cantv (telephony) and Corpoelec (electricity) which took place in July 2007, of Sidor, the country's principal steel-works in April 2008, of the cement industry, including the French company Lafarge and the Mexican Cemex, in May 2008. Lastly, this nationalization preceded the announcement of the nationalization, in July 2008, of Banco de Venezuela, a subsidiary of the Santander group, which was the second-biggest private bank in the country, with funds of more than 500 million euros. This last nationalization is extremely important, because it should make it possible to fight against the over-indebtedness of the poorest families, engaged in an American model of consumption and thus requiring credit to pay for credit [5] [5].

Admittedly, one can always find something to criticise on the form of these nationalizations, because on each occasion, they have in fact been bought - often at a very high price. Nevertheless they contribute to giving weight to the state productive and financial apparatus, to the detriment of the private sector. In fact, the Venezuelan state is a bourgeois state, with many elements of state capitalism. But the nationalizations undertaken, even if they did not take place within the framework of expropriation, form part of the debate on what the socialism of the 21st century can be, in the framework of a democratic and anti-imperialist revolution.

The elections in the PSUV and the congress of the JPSUV

A few weeks before the nationalization of the sugar factory of Cumanacoa, there had taken place the elections to the leadership of the PSUV [6] [6] Since July 21, 2007, the official date of the creation of the PSUV, more than 4 million Venezuelans have joined it. In all, more than 14,000 battalions (the basic structure) of 300 militants each have been formed. The figures are eloquent and demonstrate the breadth of the movement. The PSUV is becoming an essential tool in the organization of the Venezuelan social movement, even though only 15 per cent of the members take part in a regular way in its activities and only 40 per cent voted during the various internal elections. During the elections to the leadership, only 80,000 members could vote, without anyone knowing on what criteria this choice was established. Chavez dictated on live television a list of 70 names from which it was necessary to choose the 35 people who would comprise the future national leadership. Finally, the 35 members of the national leadership having been elected, Chavez designated, again on live television, the members of the political bureau. Among them there were only members of the government, and no representative of the social or trade-union movement. The vote of the delegates in each battalion took place without there being any control over or verification of the results.

People thought that the PSUV had been completely stitched up, when once again Chavez surprised everyone by announcing that the candidates for the regional governments (federal elections) and the local elections would be designated by the rank and file of the party [7] [7]. More than 2 million members took part in internal elections to choose the candidates, without any hitches. Of course, there are many criticisms that could be made of the way the internal campaign was organised. For example, the fact that all the candidates were forbidden to campaign within the PSUV (in the name of democratic equity) in the last resort served the interests of the best known candidates, members of the government or those standing for re-election. Nevertheless, this internal election is to date one of the most important democratic processes, within a party, in all political history.

Also, the constitution of the Youth of the PSUV (JPSUV) could not pass unnoticed. The founding congress took place from 11-13 September, 2008. It brought together in Puerto Ordaz (in the state of Bolivar), more than 1600 delegates. Over three days, they discussed the future statutes and the general political line of the new organization. As part of this, working papers were distributed which were supposed to be approved by the congress. Concerning the statutes of the JPSUV, the articles defining the organization did not mention, for example, the terms anti-capitalism or internationalism. Nor did the articles on internal functioning mention currents of opinion, not to mention tendency rights. However, the quality of the debates and the force of youth quickly made it possible to overcome some bureaucratic attempts to leave the statutory proposals unchanged, backed by arguments that the congress should be satisfied with making some "observations". At the end of the day the statutes adopted were more appropriate for an organization which defines itself as revolutionary. Thus article 2 mentions that: "The Youth of the PSUV has as its objective to organize, educate and bring Venezuelan youth into revolutionary political activity aimed at radically transforming society and overcoming all the forms of exploitation, exclusion, marginalisation and discrimination which

affect young people, by dynamising and democratizing the day-to-day spaces of young people; to gain equality, freedom and the combative and pro-active participation of all young people. The JPSUV will take up anti-imperialism, the fight against poverty and hunger, direct, combative and pro-active participation, the fight against corruption and bureaucracy, the principle of responsibility and of co-responsibility, the building of socialism as the only possible solution, inventiveness, criticism and self-criticism, co-responsibility with the environment and nature, pluri-culturalism and multi-ethnicity, social justice, the building and strengthening of people's power, solidarity as the central axis of human relations, humanism, respect for the historical memory and the identity of the peoples of our America, internationalism, the Bolivarian ideal, the fight against capitalism and consumption, and ultimately the construction of a truly egalitarian society".

Certainly in the preamble to these same statutes, there is no mention of the relations which link the PSUV and the JPSUV, other than to indicate that "one of the fundamental tasks of the militants of the JPSUV will be the diffusion of the principles of the PSUV, its programme, and the documents concerning its structure." The question of the autonomy of the youth organization is clearly denied. However another battle is shaping up to be crucial within the JPSUV: the election of a democratic leadership, respectful of the various sensibilities which compose the organization. This election was not on the agenda of the founding congress and is being carefully sidelined by a part of the PSUV which would be very happy to get its hands on the youth of the organization. It will be the responsibility of the militants to succeed in imposing this debate, unless Chavez sets the tone first...

## The enabling law

A month and half previously, on July 31, 2008, Chavez had once again caught everyone off balance by having 26 decrees published within the framework of the enabling law. To have these decrees adopted, Chavez took advantage the full powers which the constitution gives him. This does in fact enable him to legislate for a definite period (18 months), to emit decrees having the force of law in different important sectors of national life, such as popular participation, the exercise of public office, economic and social questions, science and technology, town and country planning, energy, the transformation of the institutions of state, public finances, security and defence, infrastructures, transport and services.

Thanks to the enabling law, Chavez decided to get adopted the majority of the proposals made at the time of the constitutional reform (except the controversial question of the renewal of the presidential mandate) and which are real social advances. So a law was adopted defending the right of people to have access to goods and services, ensuring the distribution of goods of primary necessity, preventing unreasonable price increases, and protecting people against subliminal advertising. Another concerned housing and the habitat, giving a legal guarantee that disaster victims will receive attention at the time of natural catastrophes, and similar guarantees to those over 60, to the disabled and to people exerting family responsibilities alone. It also makes it possible to receive mortgages of up to 100 per cent of the value of the house. There was a partial reform of the social security law, helping workers who give home care, domestic employees, casual workers and members of co-operatives of production. There was an organic law on food safety and sovereignty which aims to maintain satisfactory levels of self-sufficiency, protects the communities of self-employed fishermen, stimulates national production, restricts the proliferation of monopolies and which finally which allows the state to set the prices of products of primary necessity.

Without even knowing the contents of these laws, the opposition immediately began a campaign to discredit them, treating the presidential decrees as an act of legislative contraband and a coup d'état against the National Constitution. The opposition, by calling for a mobilization to reject the 26 decrees, tried to create a climate of instability and mistrust in an already disturbed population.

## Victory of the moderate wing at Sidor.

In fact, confusion is also present in the Sidor factory, and this had unexpected consequences at the time of the recent September trade-union elections. The biggest steelworks in the country, Sidor was nationalized in April. In the factory, which covers nearly 900 hectares, there are almost 20,000 workers employed. Every two years, elections take place between the various trade-union tendencies for the leadership of SUTISS [8] [8], the local trade union. Because of the size of Sidor, the weight of SUTISS is extremely important, since with nationalization it has found itself co-managing the factory. With 20,000 workers, by adding on their families and their close relations, it is nearly 150,000 people whose lives are involved with Sidor. To them, we would have to add all the subcontractors and the shopkeepers who live thanks to Sidor. In a city of 950,000 inhabitants, you can easily imagine the impact of such a steelworks.

The struggle of the workers of Sidor and the conquest of nationalization showed that a working class is capable of uniting and being strong, in spite of internal divisions. This nationalization had repercussions right up to the top of the state, since the Minister of Labour, Jose Ramon Rivero, was replaced by Roberto Hernández, an old militant of the PCV (Venezuelan Communist Party). All of which means that the trade-union elections were this year of exceptional importance. There were seven lists in competition. Among them was Alianza sindical, headed by Jose Mélendez, a comrade of Marea Socialista. In spite of a high-quality campaign and a permanent presence on the terrain, Alianza sindical did not succeed in winning the elections, finishing in second position with 697 votes, while the list Movimiento Revolucionario Orinoco obtained 1,393 votes. The other lists finished far behind, with less than 400 votes. It should be noted that the outgoing trade-union leadership obtained only 152 votes. So, the engagement of Jose Mélendez in favour of nationalization during the three months of intense struggle that Sidor experienced, as well as a clear position on the question of workers' control, was not enough.

While adopting a much more equivocal attitude on the question of workers' control, the Movimiento Revolucionario Orinoco list strongly positioned itself as representing change. Not having had any representative in the outgoing trade-union leadership, contrary to Alianza sindical, MRO surfed on the effect of the nationalization to claim the leadership of the trade union, in the name of a new start. Whereas the supporters of the list had not been very involved in the struggle over the previous months, they were able to bring towards them a number of workers who were attracted by the idea of a change in the trade union at the point where a new era was opening up because of nationalization. In this sense, the results of the elections in SUTISS are quite symbolic of the questionings which traverse the population.

## The "pityankees" and the American danger

But in spite of its hesitations, the process continues to advance, and continues to frighten its detractors. So the most recent actions of the opposition are not to be taken lightly.

For the first time, various officers of the Venezuelan army were arrested for conspiracy on September 17, 2008. According to Jose Vicente Rangel, ex-Vice-president of the Republic, they planned to attack the presidential plane in the air, during one of its many flights. Several phone conversations discussing this and leaving no doubt about the intentions of the officers were recorded and immediately broadcast on the "La Hojilla" programme on Venezolana de Television. Furthermore, during their first interrogations, the prisoners admitted their participation in this new plan of destabilization. Vice-admiral Millán Millán, who acted as coordinator of the conspiracy, and General Báez Torrealbaint also acknowledged having had contacts abroad.

Still according to Rangel, civilian contacts have also been discovered, responsible in particular for collecting money

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for the conspirators, and linked to the Mexican far Right. Rangel also accused Juan Manuel Santos, Minister of Defence of Colombia, of leading the conspiracy from Colombia, denouncing his permanent contacts with the Venezuelan opposition and with retired Venezuelan officers.

Lastly, strong suspicions weigh on the United States for possible logistical support. In fact, there is not much chance of anyone believing that it was by accident that the US Fourth Fleet [9] [9], with 24 warships of various kinds, was in Venezuelan waters. In the same way, the CIA is said to have been very active in this affair, through various advisers of the American State Department, such as Roger Noriega [10] [10], Otto Reich [11] [11] and John Walters.

These last events demonstrate the still unceasing activity of the Venezuelan opposition, the "pitiyankees" [12] [12] who have not given up the idea of overthrowing Chavez, since the democratic road clearly seems to prevent them getting rid of him. They echo the sad events in Bolivia where America uses the same methods, namely financial and logistical support to the local opposition in order to try and overthrow the elected government. In such a context, it is not surprising to see that at only a few hours' interval, Morales and Chavez expelled their respective American ambassadors.

Chavez annoys them, the constant American pressure shows it once again. His ceaseless verbal attacks against US imperialism, his rapprochements with Iran and Russia are so many blows against American hegemony. But beyond that, it is really the model of society that is being built in Venezuela which annoys the Americans. Admittedly, the process is chaotic, is still too subject to the decisions of Chavez and sometimes too timid in its progress. But all the measures taken must be accompanied by a struggle, so that, for example, the nationalized companies are managed democratically by the workers. There is no possible transition if there is not a deepening of the measures taken in favour of the workers. But that is not only the responsibility of the state and of Chavez. The Venezuelan president will not reduce his influence himself. That will only happen if the workers are able to unite, to unite the working class in order to be an independent force. Thus, the future of the Bolivarian Revolution is not only the responsibility of Hugo Chavez, but will depend more on the ability of the workers themselves to be the main actor, impossible to circumvent, of the process.

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[1] In 1958, the dictatorship of Marcos Perez Jimenez was overthrown. The Fourth Republic was founded. This was the beginning of the system of Punto Fijo, where the two principal parties, the COPEI (Social Christian) and Accion Democratica (a member of the Socialist International) shared power alternately. The policies followed were clearly of a liberal type. Punto Fijo ended in 1998 with the arrival of Chavez in power and the adoption of a new constitution.

[2] All these figures come from the annual economic reports of the IMF and the World Bank.

[3] Speech by Hugo Chavez in the Hotel ALBA on June 11, 2008.

[4] New Economic policy.

[5] In 2007, 75 per cent of Venezuelan bank credits were consumer loans. The remaining 25 per cent were credits for investment.

[6] United Socialist Party of Venezuela.

[7] Speech by Hugo Chavez in the Teresa Careno Theatre on May 10, 2008

[8] United Union of the Workers of the Steel Industry

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[9] Based at Mayport in Florida, the Fourth Fleet is made up of ships, planes and submarines of the US Navy. Created in 1943 during the Second World War, the Fourth Fleet had the role of making the South Atlantic safe against the incursions of German submarines. Officially, its re-establishment aims to demonstrate the will of Washington to increase security in the Southern hemisphere. In fact it is a response to decisions taken by certain Latin-American nations to reinforce their defence system, in particular around their sites of production of hydrocarbons, as with like Brazil and Venezuela.

[10] Roger Noriega is the US ambassador to the Organization of the American States. It was necessary to find a reliable man to deal with the OAS. And for that the choice of Bush fell on the principal Latin-American collaborator of the quasi-pensioner Jesse Helms, champion of the blockade against Cuba. Roger Noriega is a mediocre functionary who has had, for a long time, a disastrous reputation in diplomatic circles... but he has, apart from that, well verified far-right convictions when it comes to Cuba or Haiti.

[11] George W. Bush called on Otto Reich to impose his order in Latin America. In spite of the protests of all the Latin-American states and of the US Senate, he made him his special emissary on the continent. This man has a heavy past: planner of destabilization, conceiver of propaganda, protector of terrorists and organizer of coups d'état. Moreover, combining business with pleasure, he promotes the interests of his personal clients, like Bacardi and Lockheed.

[12] A contraction of the French adjective "small" and the term "Yankee", designating Venezuelans who are in the pay of the Americans.