

# Venezuela: is Hugo Chávez in control?

Ivan Briscoe  
Senior Researcher, FRIDE

Lands have been confiscated, foreign companies driven out and utilities renationalised, but even so there is a special place in Venezuela for Louis Vuitton. The immaculate store in the Sambil shopping mall now ranks as the firm's most successful in the whole of Latin America, shifting several hundred thousand-dollar carpetbags week in week out. 'We have a mix,' explains the extremely reticent shop manager, flown in days before from Paris. 'We have older clients, and we have newer ones.'

Not far to the east the free flow of wealth has also engulfed Petare, the giant settlement of breeze-block houses, sticking like a biblical citadel to the hills of Caracas Valley. Here there are new blue water cisterns on every house, concrete supports to halt mudflows, Cuban ophthalmologists, education and literacy programmes. There are subsidised food stores, committees fighting for residents' property rights, community sports facilities. But it is best not to leave home after 7pm: Petare is also home to a plague of drive-by shootings and erratic teenage gunfire.

'Before it was static, now there's hope. Now it's all mobile,' declares Miren Eguiguren, a Basque emigrant who for 37 years has struggled to bring basic education and social services to the district through the Casa de Nazareno centre. 'Everything is broken, and there is total movement.'

## Caracas's wonderland

Venezuela, as many like to observe, tongue in cheek, is now a 'wonderland'. The rhetoric emanating from President Hugo Chávez is of revolution, socialism and, as he declared in a television interview, a 'war of all the people' against the pretensions of 'imperialism'. In the country beyond the Palacio de Miraflores, fortunes are being made at lightning pace, and the only blood war is between the people, poor against poor.

Condemnations of creeping dictatorship, meanwhile, rain down both from abroad (foreign governments, international bodies) and at home (the new student movement). Even two months before the free-to-air license for Radio Caracas Televisión (RCTV) was rescinded in April 2007, Condoleezza Rice had accused Chávez of 'destroying his own country, economically, politically'. The litany of power-concentration since the December 2006 elections has indeed proved indigestible: the congressional vote to hand eighteen-month 'special powers' to the president; the creation of a united ruling party (the Partido Socialista Unido de Venezuela / PSUV) that entails the effective dissolution of others in broad sympathy with the 'Bolivarian revolution'; the creeping ideology of total militarisation; and the venom directed towards any attempt at opposition. Accused by the country's bishops of sponsoring a 'Marxist-Leninist' takeover, Chávez let rip in customary style: 'either you're ignorant,' he told the priests, 'or you're cheating, lying perverts'.

Supporters of the president point to his ever increasing majority in three presidential elections, and his enormous, undeniable popularity in deprived neighbourhoods. Both sides of the debate repeat the same old axioms and historical references; there seems little room for nuance or compromise. And to prove the point, his critics have unearthed a new ideological bogeyman, supposedly cherished by certain 'chavista' ministers: the German-Mexican sociologist Heinz Dieterich, whose '21st-century socialism' entails the use of computer networks to decide who should get what, providing the long-awaited 'mathematical-conceptual solution of the problem of objective value'.

The frenzied impasse over Chávez's democratic credentials or digitalised Marxism, however, utterly fails to capture the contradictions of the Venezuelan street. Just as the president's socialism jostles uneasily with the habits of an oil-rich state, the conviction that a new tyranny is settling into place ignores abundant evidence that the government's greatest battle, which it may be losing, is to keep control of its own 'proceso'. Venezuela may now be more or less democratic than during its forty years of two-party oligarchy; the arguments (as a July 2007 report by Coletta A Youngers for the Washington Office on Latin America underscores) cut both ways. But a truth that cannot be avoided is that without effective steerage, a revolution - democratic, populist or dictatorial - sinks little deeper than a television show. And it is in the effort to make 'chavismo' stick, and the resistance this produces, that the true identity of this regime will emerge.

## Two loopholes

It is crime, the leading concern of 85% of Venezuelans according to a poll conducted in 2006, that most confounds the government's expectations. Loath to punish the wayward poor, Chávez consistently skirts the issue. If anything, his model for a solution can be found in 23 de Enero (23 January), a district of mean tower-blocks and hillside tenements in western Caracas, where tight community organisation - including armed groups, such as the radical Tupamaros - have made the streets relatively safe to walk.

Juan Contreras has lived all his life in the district. A veteran of the leftwing Coordinadora Simón Bolívar, from which the Tupamaro group emerged, he now runs a community newspaper and radio station, occupying a building that was once the local headquarters of the metropolitan police. 'I was the culprit for anything and everything that happened here', he recalls. 'The police came and took you to the station. Then it was whack, whack, whack, and when they'd whacked you twenty times, they'd switch the television on.'

On the day of an unannounced visit, dozens of young children are listening to a classical musical recital in the courtyard where local suspects were once dragged. Leashed monkeys play in a tree. Seventy brand-new Chinese computers, all with broadband connections, sit idle in an adjoining hall; the electricity doesn't work, and the ministry is not picking up the phone. But Contreras is unfazed: 'Never before in forty years would we even have got computers!', he proclaims.

The barrio, however, is an exception. Around fifty people are killed in Caracas every weekend, clogging public hospitals with the corpses of young men: victims of revenge killings, gang wars, narcotic highs and pure bad luck. Total murder statistics for the country suggest at least 16,000 are being killed each year; so far in 2007, this rate has risen by 15%. Guns, a community teacher says in Petare, 'are easier to buy than a bag of flour', and the murder of choice is carried out now by an adolescent pillion passenger firing a pistol from a speeding motorbike.

'A few weeks ago, I was telling a 15-year-old kid from around here that he had a nice face, so

why was he involved in all this business?’, recalls Miren Eguiguren. ‘But it was too late. He was shot dead a few days ago. It was what he deserved. He’d killed ten people himself’.

Comprehensive reform of the country’s 135 different police forces is pending, but few in the shanty-town cerros around Caracas are ever likely to trust officers long associated with ‘social cleansing’, corruption, and kidnapping. The sheer complexity of recasting the country’s security forces and judiciary instead generates systematic inertia, at most punctuated by an occasional politically motivated purge, or a quick tamper with the courts - which often serves to undermine judicial competence. Chávez is accused by his critics of sympathising with criminal outlaws, yet his indulgence does not stretch too far: convicted offenders still end up beached in Latin America’s most hellish jail system, short of space and food, where around 250 inmates have been killed so far this year.

For a revolution bent on encouraging solidarity and social ownership, the current crime wave serves as a kind of manic, bipolar disorder. Senior police officers, evidently ignorant of Bolivarian etiquette, freely hand out their advice on how one should behave when driving one’s car: ‘distrust accidents, distractions, and injured people in the road’, one inspector recently told *El Universal* newspaper.

The siege of the egalitarian, cooperative ethic vaunted by Chávez and his ministers is even more marked in the nation’s economy. Vast sums of oil money have certainly reached the poorest areas, while also spawning bridges across the Orinoco river, a new ‘socialist city’, a flyover to the airport and nine glimmering football stadia, created for the Copa America tournament of June-July 2007. Yet the outlay on such investments - public spending has increased by 60% as a proportion of GDP since 2000 - has brought, inevitably, an inflationary tide, which the government is attempting to rein in through price controls, a fixed currency-rate, debt emissions and nationalisations. ‘Rest assured, we will not introduce any economic policy that affects the interests of the poor’, finance minister Rodrigo Cabezas has asserted.

His pledge, made on the heels of the International Monetary Fund’s call for an interest rate rise to 40%, must nevertheless be treated with caution. For an economy drip-fed by the dollar revenues of oil exports, protecting the poor has in practice incurred a great bloating of imports, particularly food from Colombia and Brazil. Venezuela’s own farm sector, essential to Chávez’s ideal of agrarian resettlement, is hobbling along, stymied by its high prices and menaced by state takeover. Instead of putting into place a system of progressive taxation, the desperate race to keep purchasing power up has seen taxes slashed.

Meanwhile, there is serious money to be made. No minister seems willing to explain the treatment of billions of dollars in foreign bonds - including the \$4.2 billion of Argentine paper-debt bought over the last two years - which are resold on the quiet, at the official exchange-rate, to handpicked local banks. Their resale to Venezuelans needing dollars, seemingly at the black market exchange rate, nets 100% profits.

The web of economic controls, social programmes and bilateral deals with foreign countries affords further opportunities for personal enrichment at almost every level of officialdom. Cases cited by the press and analysts are numerous and staggering: abuse of funds for poor people’s housing; a \$100-million swindle in a deal to build Iranian factories; the mismanagement of Fonden, the trust fund from oil revenues destined for social development, now totalling over \$15 billion.

Even stripped of most of its powers, the national assembly - ‘chavista’ from head to toe - has made a modicum of effort to track government spending. Its audit commission, however, is a regular

target for threats, while one of its members has endured a brief 'express kidnapping'. 'When it comes to extra money for the executive, we approve it overnight', explained the commission's chairman, Ángel Landeta. 'But when it concerns controlling revenues, things change.'

The feast of corrupt earnings, comparable in the opinion of one academic with excellent government contacts to the Sandinistas' annexation of various Nicaraguan state companies in 1990 (the so-called piñata), is not a novelty in Venezuela; it is doubtful that it is worse than under the infamous presidency of Jaime Lusinchi of 1984-89. But this very persistence of graft sits uncomfortably with a government whose electoral base lies in the clamour for equality and respect, and which obliges its military - whose officers run hundreds of state funds and bodies - to chant everyday the new war-cry: 'Patria, socialismo o muerte' (fatherland, socialism or death).

Teodoro Petkoff, editor of *Tal Cual* newspaper and one of Chávez's most incisive critics, baptises it 'the government of Hummers and Audis'. As the new rich join old Venezuelan money in shopping trips to Louis Vuitton, the shame around exhibiting one's wealth has started to fade. With a chortle, the 75-year-old former guerrilla leader pulls out the July 2007 edition of *Etiqueta* magazine, bearing on its cover a young woman with a thick gold bracelet. Inside, Petkoff points to a photo-story on a wedding in Caracas's most exclusive country club, featuring the release of white doves, two fireworks displays and a VIP suite, where illustrious guests such as Chávez's interior minister and his former vice-president could expatiate in private.

## Sabotage and parallel states

A former strategic assistant to the president, who spent three years working in the Miraflores Palace until 2006, declares that Chávez is perfectly aware of his underlings' excesses. 'Dozens of people', he says, are employed by the president to monitor his ministries. But the political dynamics of high office which he reveals suggest that one man, messianic though he might appear to his followers, is unable to force through his desires. 'My experience is that at most times, what Chávez promises is not done.'

Elected in 1998 after a bandwagon campaign, without a formal political party structure supporting him, Chávez has long had to rely on the state apparatus he inherited, and the leaders of the pre-existing political parties that have grouped behind him. Within the president's offices, these factions spar with each other for spoils while mouthing an impeccable faith in the revolution. The result, according to the former adviser, is systematic 'sabotage.... Those who really want to change the country are kicked out of power.'

Increasingly isolated from his pack of hungry acolytes, Chávez readily admits his own solitude. Speaking with the Associated Press in one recent interview, he even appeared to have absorbed some of his government's own dissonance: 'my life doesn't belong to me.'

The president's favoured alternative strategy, ritually deplored by his opponents, has been to bypass the state apparatus entirely. A parallel universe of government has emerged, structured first around the social missions, now numbering fifteen, and reaching directly into the honey pot of the state oil company *Petróleos de Venezuela SA* (PdVSA), where presidential control is absolute and no media prying is tolerated. It would appear that the next step is the creation of 25,000 community councils, funded straight from a presidential commission to the tune of an estimated \$3 billion a year, and effectively short-circuiting municipal and regional authorities. Congress has been emasculated. Pro-Chávez political parties are being fused into one. The

national reserve, Venezuela's two-million-strong citizens' militia, is edging out the professional military from public duties; in July 2007, the reserve's former chief, Gustavo Rangel Briceño, became the defence minister.

As a result, and for the first time in over five years, both sides of Venezuela's giant political chasm agree on one fundamental issue: the state is not working as it should.

## Power and schisms

There, however, the consensus ends. The principal ideologues of the revolution trust that this parallel machinery - the 'postmodern' state in the words of Juan Carlos Monedero, a Spanish academic and prominent ideological aide to Chávez - will somehow devour the carcass of the old graft-tainted bureaucracy. In some cases, such as the extraordinarily successful, Cuban-led Barrio Adentro health programme, the modest octagonal clinics built in poor communities will act as the springboard for reform that is due to end in a total reconstruction of the public health service. In other cases, such as the new-look oil industry or the Bolivarian universities, critics round on official blacklists and a debasement of professional standards. Meanwhile, anyone who has the money rushes to the private sector: half of all private health insurance policies are now contracted by state officials.

The multiple battles over state power and the place of revolution feed straight into the future of Venezuela's democracy. Standing high in the ranks of geopolitical superstardom, Chávez is usually portrayed by foreign media - such as in his bid for indefinite re-election - as the owner of a gargantuan ego. But on the ground, what matters more is his avowed determination to make sure his political project outlives his career: 'Human beings are transitory', he declared in June. 'The party must be eternal, the most powerful revolutionary motor.'

As the means to institutionalise his creed, Chávez has opted for an ever greater concentration of power, radiating outwards through the community councils and the PSUV party. The problem is that the returns on this power are endlessly diminishing: in certain regions the new five-million-strong party, apparently joined by every opportunist in the land, has more members than people who voted for Chávez in the last election. 'The president has a tendency to centralise, with the idea that he can supervise matters more directly', argues Margarita López Maya, a highly respected social historian from Caracas's Central University. 'But more centralisation ends in less capacity to control. It's madness. You need checks and balances.'

The genetic code of 'chavismo', however, is deeply charismatic. 'If there's a problem with the taxis, the taxi-drivers want to speak with Chávez. If there's a protest of street sellers they want to speak with Chávez', explains Contreras in the 23 de Enero neighbourhood.

Inserting a free-thinking layer of authority between the president and his 'pueblo' thus risks displeasing everybody. Should Chávez's grip on power actually diminish as a result, there is absolutely no guarantee, given the vested interests of party and state officials, that it will be replaced by a flow of participation from the communities below; should it increase, the accusations of violations of democracy will mount, the diversion of resources by Venezuela's new elite will continue, and the Bolivarian movement will slowly but surely run into the ground.

Two other factors are set to play pivotal roles in the government's evolution. Fattened on a diet of electoral victories, the component parts of 'chavismo' have grown restive. Schisms and splits have always characterised the movement, but the last few months have been thick with

internal friction, at the heart of which is the very same military from which the coup leader of 1992 emerged. No one knows precisely the level of opposition to Chávez within the armed forces, yet it is evident - and he admits it - that certain officers dislike him and his 'war of all the people' intensely. One retired general and stalwart supporter, Alberto Müller Rojas, recently described the government as being in a 'pre-anarchic' state, with the president sitting atop 'a nest of scorpions'. The outgoing defence minister Raúl Baduel, meanwhile, mounted a strident attack on irresponsible wealth distribution during his farewell speech in late July. Small wonder that the president tours the world buying new weapons for his generals.

If the threat of a military coup is an immediate concern - and it was the army which unseated Chávez in the brief 2002 putsch - then a more slow-burning source of tension can be found in the questionable allure of '21st century socialism'. A visit to any of Caracas's hill settlements gives the lie to any notion that the poor long for collective ownership: small businesses operate from shadowy ground floors, while residents of 23 de Enero plaster their slum houses with stucco and inlay them with balustrades. Even Contreras, a life-long Marxist, is willing to let the locals crave home improvements and upward mobility.

'Some call it socialism, some call it communism or participative democracy, but I guarantee that work, education, housing and leisure are the means to create the greatest sum of happiness for our people. You choose the name you want.'

Opinion-poll work in these communities has thrown up fascinating insights. Far from looking to a collectivist future, the popular mood appears satisfied with the damage inflicted on the status of Venezuela's old elites. In the words of Oscar Schemel, head of the Hinterlaces agency - which has conducted over 200 focus groups across the country - the era of 'social revenge' by the poor has now ended; it is so far uncertain what will replace it. 'The new citizen is not a socialist, but a liberal. There was a struggle of classes, but it was not antagonistic. The poor did not want to annihilate the upper classes, but demanded a new class relation: to be able to have what they have, to enjoy their opportunities.'

Hugo Chávez, however, is the child of antagonism. Throughout 2006, his heckling of George Bush and veiled threats to established property rights served to identify and demonise the old, Miami-bound class enemy. Schemel's research, which is unique in Venezuela, suggests this approach might now be foundering on its own success: the mass anxiety, the rush to arm the poor and the hysteria over a US invasion stirred by Chávez are slowly losing their relevance to daily life to the extent that 'chavismo' beds down in power.

'There's an incredible plan of control, manipulation and propaganda', argues Schemel, insisting that crime and corruption form an integral part of these control mechanisms. 'But eventually this will contradict the democratic culture of the country and the new aspirations. Chávez has said that to be poor is good, and to be rich is bad. Over 80% of Venezuelans reject this statement.'

Reputedly stronger than ever, reportedly on the verge of a totalitarian takeover, Chávez is in fact, for the first time since 2001, starting to face the contradictions of a movement born from a high tide of public despair. Sticking fanatically to the evil of the empire and the war of the people has served him well; the old opposition from Venezuela's elite has been utterly destroyed. Somewhere within Chávez's movement, however, there is bound to emerge over the next five to ten years a challenge, be it through established party or state interests, a military coup, or popular discontent from below. It may not look very democratic. It may indeed be violent. But at some stage the revolution must stop its tailspin.

FRIDE's Comments provide a brief and concise analysis of current topics in international affairs in the fields of peace and security, democratisation, human rights, and humanitarian action and development. Further information about FRIDE, as well as its publications can be found at [www.fride.org](http://www.fride.org)

Fundación para las Relaciones Internacionales y el Diálogo Exterior  
C/ Goya, 5-7 pasaje 2ª – 28001 Madrid – Telf: 91 244 47 40 – Fax: 91 244 47 41 – E-mail : [fride@fride.org](mailto:fride@fride.org)  
[www.fride.org](http://www.fride.org)