

The Economist prescribes “regime change” for Venezuela

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A comment appearing in the *Economist* magazine’s Internet version last March, titled “Venezuela: regime change or bust,” set out to justify the Venezuelan oligarchy’s recurrent efforts to remove the democratically elected president through extra-constitutional means. It ended with a thinly veiled appeal for the direct intervention of the Bush administration into the affairs of Venezuela.

Arguing that Washington—at the moment mired in its bloody military occupation of Iraq—has the “welfare of Venezuelans” at heart, the magazine puts forward the reasons why “George Bush’s administration has plenty of reasons for wanting to see the back of [Hugo] Chávez.”

“He is implacably opposed to the Free-Trade Area of the Americas,” claims the *Economist*, a fervent exponent of the free trade pact, which if imposed, will only serve US corporate interests in the region, vis-à-vis their European and Asian imperialist rivals.

The article also accuses Chavez of opposing Washington’s multibillion-dollar military intervention into neighbouring Colombia, which since the September 11, 2001, terror attacks the US has targeted as one of the arenas in its global war on terror. Washington has shifted the axis of its intervention from combating drug trafficking to executing a counter-insurgency operation against the anti-government guerrilla organisations.

The *Economist* asserts that the FTAA and Plan Colombia are “America’s most cherished regional initiative.” The article concludes with a word of counsel: Washington must safeguard its Venezuelan oil supplies, which Chavez has threatened to cut off if the US invades.

“...Mr Bush cannot himself afford to ignore the danger of a fuel price hike, especially in an American election year.”

The bulk of the *Economist* piece is devoted to unashamedly echoing the half-truths and lies propagated by the putschist Venezuelan oligarchy, which for the last three years has attempted to overthrow Chavez.

After failing to unseat Chavez in a management-provoked oil strike in February 2003, the oligarchy’s political wing known as the Coordinadora Democrática utilised a constitutional clause that permits a recall referendum halfway through the incumbent’s term if 20 percent of the electorate requests such a vote.

Standing reality on its head, the *Economist* writes that the opposition’s referendum was “scuppered” by the “strong-armed” tactics of the government. It accuses the National Electoral

Commission (CNE), the body charged with quantifying the recall petition, of “machinations” and calls the referendum a “rigged process.”

Not a shred of evidence is supplied to substantiate these claims, which were first advanced by the Coordinadora Democrática in its drive to discredit the very referendum mechanisms it had agreed to after months of negotiations mediated by electoral observers from the Organisation of American States and the Carter Center.

This is the second attempt to remove Chavez by plebiscite. The first was discarded outright for failing to meet basic legal requirements. On this occasion, the right wing fell short of garnering the sufficient petitions required to put the recall up for question. The number of invalidated (fraudulent and forged) signatures totalled 460,000. Another 870,000 consisted of signatures that appear to have been written in the same handwriting. This means that—according to the CNE—of the supposed 3.1 million signatures, only 53 percent were valid.

Under any other circumstances, such a petition would have been thrown out as a scam. An investigation would have been conducted to ascertain who ordered or least sanctioned a fraud of such magnitude. After all, the petition is aimed at removing a democratically elected head of state.

Yet, after two months of wrangling in the courts, several provocative and violent demonstrations organised by the Coordinadora Democrática and threats of destabilisation by terroristic elements orbiting the coalition, the CNE settled an agreement with the opposition last week to have the 870,000 dubious signatures reverified in the first week of August.

In other words, the response of Chavez to these heavy-handed and legally suspect attempts has been to accommodate to the seditious right-wing coalition.

For the *Economist* and the imperialist echelons for whom it speaks, Chavez’s populist pretences and his limited economic nationalist policies represent an intolerable impediment to the complete penetration of foreign capital into the strategic, oil-rich nation.

Chief among their concerns is that the oil giant Petroleos de Venezuela (PDVSA), which is worth an estimated \$42 billion and brings in earnings of up to \$50 billion, has not only remained a state-owned entity but is under Chavez’s control. Its revenues have permitted a section of the Venezuelan bourgeoisie, petty bourgeoisie and military to pursue a foreign policy that clashes with the immediate requirements of imperialism.

Chavez, an ex-army officer who staged an abortive coup in 1992, was elected in 1998 and re-elected in 1999 with absolute majorities, winning the most popular support of any head of state in Venezuelan history. He was swept into government, partly because the poor, who represent more than 60 percent of the population, held illusions in his populist promises, and partly because the nation's thoroughly discredited parliamentary parties—the Social Democratic Accion Democratica and the Christian Democratic COPEI—imploded.

His administration was initially tolerated by ruling circles both in Venezuela and internationally. It offered reassurances that it would continue the programs begun by the previous governments aimed at subordinating Venezuela's economy to the world markets.

Remaining true to his word, among his first measures was to consolidate the presence of American, British, Norwegian and French petroleum interests in Venezuela, establishing lucrative joint-venture operations in the Orinoco river belt and the Deltana Platform, where some of the world's largest extra-heavy crude oil and gas deposits are located.

Foreign oil giants increased both oil production and exports, and now account for more than a third of the oil produced in Venezuela—"about a million barrels daily, up from 400,000 before Chavez became president," reported the *New York Times* on December 20, 2003.

To the approval of major rating agencies, which laud Venezuela's "ongoing commitment to its international financial obligations," Chavez has also kept up regular payments to service the country's foreign debt.

These actions have been taken in the face of a record economic contraction of 18 percent caused by net outflows of foreign investment, billions lost in capital flight, currency devaluation due to speculation, sharp fluctuations in oil prices, business and union-led industrial sabotage, and a two-month management strike in the state-owned oil industry.

The burden of the economic crisis has been placed squarely on Venezuela's working class and middle class through cutting public spending, increasing consumer prices and raising regressive taxes such as the VAT.

But, to the dismay of Washington in particular, Chavez also rescinded major privatisations earmarked in the utilities sector and halted the privatisation of the national oil giant.

Chavez's oil policy reform rested on four key initiatives. The first "re-established a predominant role for the executive branch in the design and implementation of oil policy, through the Ministry of Energy and Mining. This challenged vested interests in PDVSA, which had grown accustomed to taking the lead in defining oil policy in Venezuela," reported the *Calgary Herald* on April 15, 2003.

In 2003, Chavez dismissed 18,000 middle- and high-level managers and technicians from PDVSA, after they shut down the oil industry for two months, causing losses of \$10 billion from Venezuela's international reserves (PDVSA accounts for 75 percent of export earnings and almost 50 percent of fiscal revenue).

Venezuela's ruling elite had long used the company as a slush fund for distributing billions in kickbacks and sweetheart deals.

The managers' strike backed the privatisation of PDVSA, while opposing Chavez's transfer of company funds into the government's coffers and social programs. It also called for Venezuela to withdraw from the Organisation of Petroleum Exporting Countries (OPEC).

The Hydrocarbons Act, passed in November 2001, increased petroleum royalties from 16.7 percent to 30 percent and reserved a stake of more than 50 percent for the state in joint ventures. Billion of dollars from these funds are now earmarked for financing agrarian reforms and other social programs.

"All across this oil-rich and poverty-riddled country, the state oil giant...is embarking on a radical and wide-ranging social spending program that includes building homes, running literacy programs and developing agriculture," reported the *New York Times* on March 11, 2004.

Moreover, as a member of OPEC, Venezuela has sought to drive up oil prices to \$30 per barrel in an effort to shore up its international reserves.

It is this oil policy reform, now entering its fourth year, that has the *Economist* up in arms. Chavez, whose main constituency is the urban and rural poor and the impoverished peasantry, has had to balance his appeasement of international capital with populist measures—by "shunting PDVSA income into government agriculture, housing and 'social' programmes, a transfer that may well violate Venezuela's constitution," bristles the *Economist*.

Yet, the most notable facets of the programs initiated by Chavez are the backward-looking, petty bourgeois economic conception that underlies them and the preponderance of the military in these operations.

The ex-colonel has enlarged the role of the armed forces to such a degree that they are now incorporated into every sector of the state. He has mobilised troops and the National Guard with added frequency.

More significantly, not one member of the military brass, who with the backing of Washington and its operatives in the US Embassy attempted to overthrow his government in 2002, has been placed on trial, let alone imprisoned.

Having removed a fraction of the rebellious armed forces, Chavez placed his own handpicked cronies in the chiefs of staff, the cabinet, governorships and every other political arena in Venezuela.

Chavez's dependence on the military is the ultimate guarantee that his "Bolivarian Revolution" will defend capitalist private property relations against any threat from the Venezuelan working class.



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