

Venezuela: Divided election points to sharpening social struggle

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Local and state elections held in Venezuela in the third week of November yielded sharply mixed results, with the United Socialist Party of Venezuela (PSUV) of President Hugo Chavez winning victories in 17 states, while the opposition gained power in 5, including Venezuela's two most populous ones.

The election has failed to resolve the longstanding and increasingly bitter dispute between the left-nationalist government of Chavez and an opposition that has enjoyed the backing of Washington and sections of the Venezuelan oligarchy. Instead, the results point to increased political polarization and a resurgence of social struggles.

Nationwide, the PSUV claimed 57 percent of the vote and its total number of ballots—5 million—far eclipsed its nearest rival, which was the Nuevo Tiempo (New Time) party based in the western state of Zulia, which garnered a little more than 1 million votes. All of the opposition parties together polled a combined total of 4.3 million votes.

Having claimed victory for his PSUV—"Venezuelans can now see a map that is turning redder and redder...[the elections] have ratified the building of Bolivarian socialism in Venezuela"—Chavez called upon supporters last Sunday to renew the fight for a constitutional amendment that would allow him to seek indefinite re-election.

The Venezuelan president, a former army paratroop lieutenant colonel who led a failed 1992 coup, would be compelled to leave office in 2013 under the terms of a 1999 constitution passed with his support, which limits presidents to two six-year terms. An attempt in 2007 to similarly amend this constitution to remove term limits was narrowly rejected by the Venezuelan electorate.

Despite his claim of victory for the PSUV, Chavez said that his decision to push once again for indefinite re-election was motivated by the gains registered by opposition candidates. He said that their victories had made him see "more clearly the great threat that is looming over the Venezuelan people with these fascists."

The conception that the answer to a supposedly increased danger of fascism is creating the conditions in which Chavez can become president for life is a telling indication of the retrograde character of *chavista* movement's populist politics.

In the November 23 election, the opposition held the states of Nueva Sparta and Zulia, which it had captured in 2004. The western Zulia State surrounds Maracaibo Lake, and it is the center of the oil industry. Opposition candidates also won in Miranda State, formerly a PSUV stronghold. Miranda includes several municipalities that surround

Caracas, including Sucre, an impoverished community that, up until now, had supported Chavez. Zulia and Miranda are the two most populous states, representing 6.6 million people, 24 percent of Venezuela's population. The COPEI candidate also won in Táchira, a center of commerce, and Carabobo, where much of the manufacturing industry (textiles, machine tools, rubber, petrochemicals, etc.) is concentrated.

In addition to the five states won by opponents of Chavez, opposition candidates also won control in Caracas, Maracaibo and Valencia, the three most populous cities in the country.

The opposition was able to exploit high rates of street crime, particularly in Caracas, a city of 6 million, to win support in their campaign against the ruling PSUV. The high crime rates themselves are a result of chronically high rates of unemployment and economic inequality, typical of economies that base themselves on the exploitation of mineral wealth.

The results in these cities indicate dwindling backing for Chavez among the industrial working class and the urban poor, where the government has sought to win support.

Both social layers have been savaged by an ongoing economic crisis that has resulted in high prices and shortages of food and basic necessities. Chavez's popularity began to decline last year when import controls resulted in shortages of perishable foodstuff, including milk, corn, cooking oil, beef, sugar, chickens and eggs—all staples of the Venezuelan masses.

The intermittent scarcity of items essential to workers' diets, coupled with an inflation rate that has topped 30 percent (Latin America's highest), has reduced real wages and widened social inequality. In addition to food shortages, urban Venezuelans have to cope with increasing shortages in public services, water, electricity and public transit.

The PSUV was created as a government-backed party last January 12. It consists of Chavez's Patriotic Alliance and a score of other left-wing organizations. The Communist Party, Patria Para Todos and Podemos, while members of the alliance, did not officially integrate themselves into the PSUV, but generally supported its candidates.

In response to the PSUV's creation, on January 23, the parties of the opposition signed a "national unity agreement," establishing an electoral front based on a 10-point program. The agreement created a mechanism to run single candidates in each of the states and municipalities contested on November 23. This alliance consists of the traditional parties of the Venezuelan bourgeoisie—the Social Democracy (Acción Democrática,) and the Christian Democracy (COPEI)—and their offshoots, as well as the

MAS (the Movement Towards Socialism, which was founded by Teodoro Petkoff, who went from being a guerrilla in the 1960s to a pro-IMF planning minister in the 1990s), the former Maoists (Bandera Roja) and various right-wing groups (Primero Justicia, Alianza Bravo Pueblo). Several parties in this coalition, including MAS, supported Chavez in 2004.

The sole unifying principle behind this alliance appears to be hatred for Chavez.

Chavez has described his regime as a completion of Simón Bolívar's fight for independence, the creation of a national state and the fight for equality and democratic institutions. Had he lived, Chavez speculates, Bolívar would have become a socialist in the 1850s. According to this scenario, it is up to him, Chavez, to complete Bolívar's project.

In reality, the Chavez government has combined left-nationalist rhetoric with nationalizations in the oil, electricity and communications industries. Social assistance programs for the working class and the peasantry have been expanded, including land reform, public health benefits, public supermarkets with price controls on essential foodstuffs, soup kitchens for the poor and a housing program. Earlier this year, Chavez nationalized the cement industry and SIDOR, an Argentine-owned steel mill that had been locked in a bitter strike struggle with its workers.

These measures have been limited and have taken place without challenging the core institutions of Venezuelan capitalism, including the banks, which have registered record profits under Chavez. The system of land tenure has likewise remained intact, together with most state institutions—most critically, the military.

Chavez's "Bolivarian socialism" is essentially a policy of economic nationalism that corresponds to the interests of sections of the national bourgeoisie itself that seek to carve out for themselves greater independence from US imperialism, the International Monetary Fund, and US big business, while taking strategic advantage of the revenues from the country's ample oil reserves.

Five of the seven parties in the opposition alliance claim to support various forms of socialism; the other two—Primero Justicia and Alianza Bravo Pueblo—call for an "ownership society" in which every Venezuelan citizen would own shares in state-owned enterprises, such as the state-owned oil company, Petroleos Venezolanos (PDVSA), while some of the land would be distributed to the peasantry.

All the "socialist" rhetoric engaged in not only by Chavez but across the political spectrum reflects the weakness of the Venezuelan capitalists. With virtually no industrial base, the national ruling class is truly a comprador bourgeoisie that is more comfortable in the shopping malls of Miami and New York than in Caracas. It confronts an organized and militant working class and a combative peasantry.

Venezuela is a country that is almost entirely dependent on the export of oil. Its exports of 2.3 million barrels of crude oil a day represent 90 percent of the value of its exports, 50 percent of the government budget and 30 percent of its Gross Domestic Product. Its industrial base itself is dependent on imported physical capital and is insufficient to supply domestic demand.

The working class includes about 100,000 employed by PDVSA and 300,000 employed in manufacturing. Altogether, the labor force consists of 9 million workers in the formal sector and some 3 million working in

the informal sector. Together, they make up about half the country's population. The explosive potential of the Venezuelan working class was manifested in April 2002, when mass demonstrations of workers forced an end to the CIA-backed coup that briefly toppled Chavez from power.

During the years of steadily rising oil prices—the price of oil increased more than tenfold during Chavez's 10 years in power—the government was able to finance a series of social programs, and subsidies to workers and the poor. The boom is now being replaced by an oil bust. Venezuelan oil is currently selling for about \$40 a barrel, down from \$120 and far less than the \$85 a barrel needed to sustain current government spending. Were oil prices to stay low, planned infrastructure spending would be drastically reduced, adding to the country's high unemployment levels and exacerbating the class struggle.

The country's economy is being buffeted by the global financial crisis and the collapse of oil prices. The Venezuelan currency is tightly controlled and pegged to the dollar at an artificially high rate of exchange. More than 90 percent of Venezuela's oil exports consist of oil and oil products that are sold by the Venezuelan oil company PVDSA.

The dollars are bought by the Central Bank in exchange for new Bolivarians created by the Central Bank. The surge in oil prices increased US dollar reserves to an estimated \$25,000 million, enough to weather only a short-term fall in oil prices without defaulting on foreign debt or devaluing the currency. Bolivarians are pegged at 2.15 Bs to the US dollar. On the black market, however, dollars sell for 6 or 7 Bs and the spread is widening, as capital flees the country.

To contain the inflationary pressures that result from the Central Bank's money creation process during this year's surge in oil prices, the government has maintained price controls and controls over imports. Venezuela is a net importer of food and other goods that are essential to the working class and the poor. The inflation rate for food exceeds 50 percent.

Up until the election, the Chavez government maintained that the Venezuelan economy was more or less immune to the global financial crisis. The collapse of oil prices and the flight of capital out of Venezuela have changed things. The collapse of Lehman Brothers has weakened Venezuelan banks, which held as much as \$400 million in structured notes guaranteed by the investment bank. These notes are now worthless and are bound to lead to the collapse of some of the Venezuelan banks. The Chavez government itself holds some \$300 million in these notes.

There have been a number of signs in the election's aftermath of increasing class tensions in Venezuela.

On November 27, three trade union leaders were gunned down in Venezuela's Aragua State. According to a report posted on *Venezuelanalysis.com*, Richard Gallardo, Luis Hernández and Carlos Requena, leaders of a pro-Chavez trade union, were gunned down as they made their way home after participating in a labor dispute with a Colombian-owned food processing company, Alpina. These attacks by death squads on motorbikes have become common in Colombia.

The executions took place a day after state police forces had repressed 400 Alpina workers, who were protesting inside the factory demanding their back pay.

A day earlier, thousands of Chavez supporters had marched to protest attacks on government "Barrio Adentro" health clinics by opposition

forces in the states of Miranda and Táchira and in the city of Caracas. Barrio Adentro is the name of the government health plan for the poor, established by the Chavez's administration.

There are also scattered reports that the pace of occupations by landless peasants has accelerated in recent days.



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