

# Maduro prepares cutbacks for post-election Venezuela

Alexander Fangmann  
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With official campaigning over, Venezuela will hold a special presidential election on Sunday, April 14, to select a replacement for Hugo Chávez, who died on March 5 after 14 years in office. With the country facing increasing economic difficulties, it is clear that the winner—in all likelihood Chávez’s handpicked successor and current acting president, Nicolás Maduro—will be compelled to cut social spending and scale back the level of aid given to friendly regimes.

Maduro, the chosen representative of a new ruling layer built up over the course of Chávez’s 14 years in office—the so-called *boliburguesia*—is intent on keeping power in order to preserve their privileges and the financial spoils derived from government contracts, speculation, and corruption.

In the conduct of his campaign, Maduro has continued his appeal to right-wing and nationalist sentiments, with repeated invocations of patriotism and the fatherland. He and his campaign team have often appeared at functions clothed in some form of the Venezuelan flag, including tracksuits and baseball caps, in a manner indistinguishable from reactionary opposition candidate Henrique Capriles.

Maduro served for two decades as a loyal functionary to Chávez, first organizing support among trade union leaders for the creation of Chávez’s electoral vehicle, the Movement for the Fifth Republic (MVR), which later organized the creation of the United Socialist Party of Venezuela (PSUV). Later, he entered the National Assembly, becoming its president and coordinating Chávez’s legislative agenda, until in 2006 he was appointed minister of foreign affairs.

As a consequence of his deep involvement with Chávez, as well as his relative personal indistinctness, Maduro has identified himself completely with Chávez. First presenting himself as Chávez’s “son,” Maduro’s

invocations of the former president have reached almost bizarre levels, with recent claims that Chávez appeared to him in the form of a bird in order to bless his campaign. By doing this, Maduro aims to mislead Venezuelan workers into thinking he will continue all of Chávez’s policies which, though limited, did result in improvements in conditions for the poorest sections.

One of the more substantial announcements to come out of Maduro’s camp is that upon election he plans to create “micro-missions” that would be designed to “improve efficiency” at state-run enterprises and other social and political institutions. Designed to evoke the Bolivarian missions, the programs through which Chávez enacted anti-poverty initiatives, the micro-missions will instead be small teams composed of experts, political functionaries, and army officers that will draw up recommendations for layoffs and other cuts.

As Maduro told a Venezuelan newspaper: “Efficiency has a lot to do with the methods of management and planning. If an economic or a social activity isn’t planned well, if the correct methods aren’t there to direct it, to do follow-up, the resources are wasted and there are no results.” Describing the assembled groups, Maduro said, “A group intervenes, they get in there for one, two, three, four months, revolutionize the planning methods and the management, get the objective on the right path to make it efficient and then they move on to something else.”

This is no doubt the first of a series of steps on the part of the *chavistas* to cut back on social spending in the face of mounting economic problems. A Moody’s report noted that Venezuela’s budget deficit for the last year amounted to 12 percent of GDP. At the same time, a rise in imports of 16.5 percent caused Venezuela to

become a net importer for the first time since 2009. This was a major factor in the government's recent devaluations of the bolivar, most recently one of 32 percent that was announced on February 8.

The current account deficit has created a shortage of dollars, which has made it difficult for importers to purchase goods and has led to price increases and shortages, including of food. Empresas Polar, one of the country's largest food and beverage importers, has been criticized by Maduro for withholding food from the public, while the company has replied that the state currency board owed it \$141 million and was delaying release of funds for up to 200 days, without which it is unable to secure raw materials and supplies.

The government had recently announced the creation of a "complementary" foreign exchange system through which companies can secure dollars via an auction, thought to be around nine bolivars to the dollar. This would be in addition to the fixed rate of 6.3 bolivars to the dollar now offered through the usual system.

The devaluations and shortages have hit the Venezuelan working class hard. Consumer prices have risen 23 percent from a year ago, and inflation is expected to hit 28 percent for this year. This has led Maduro to announce that the minimum wage, currently 2,047 bolivars per month (approximately \$325) will be increased by 40 percent over the year, with an initial 20 percent increase to be approved for May.

Underscoring the extent to which Maduro represents the aspirations of a privileged social layer in Latin America that resents the historic domination of the region by the United States, Maduro received the endorsement of former Brazilian president Luiz Inácio Lula da Silva, who recorded a video message aimed at Venezuelans. Da Silva, who led the attempt by Brazil to position itself as a regional capitalist power, praised Maduro as Chávez's successor and noted the former's efforts in creating UNASUR (The Union of South American Nations). UNASUR is modeled on the European Union, and has a goal of creating a common market, which, like the EU, would no doubt benefit the ruling class of the continent's larger powers, at the expense of the working class.

As Reuters news agency reported last month, "If Brazil's business leaders could vote in Venezuela's election ... they would cast their ballots for Hugo

Chávez's political heir, acting president Nicolás Maduro." Brazilian corporations have increased their exports to Venezuela five-fold over the past decade, and Brazilian capitalist investments in Venezuela have reached around \$20 billion. According to Reuters, the Brazilian construction giant Odebrecht has 8,000 employees in Venezuela working on nine different projects.



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