

Venezuela's Maduro reaches out to big business and Washington

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7 June 2013

After three months in office, Venezuelan President Nicolas Maduro, the handpicked successor of the late Hugo Chavez, has put aside left rhetoric to seek accommodation with Venezuela's biggest capitalists as well as with the Obama administration in Washington.

Maduro has repeatedly charged in recent months that US imperialism was conspiring to bring down his government and was the guiding hand behind a wave of political violence that followed his narrow election victory against right-wing candidate Henrique Capriles in April. Yet Venezuela's Foreign Minister Elias Jaua was all smiles Wednesday, following a 40-minute meeting in Guatemala with US Secretary of State John Kerry.

The two, who met privately on the sidelines of the Organization of American States General Assembly meeting in Antigua, Guatemala, declared their commitment to, in Kerry's words, "establish a more constructive and positive relationship." This is to include resuming the exchange of ambassadors, which has been suspended since late 2010. It was Venezuela that requested the meeting.

"We agreed today there will be an ongoing, continuing dialogue between the State Department and the Foreign Ministry, and we will try to set out an agenda by which we agree on things we can work together," said Kerry.

For his part, Jaua declared that "A good relationship between the government of President Nicolas Maduro and the government of President Barack Obama is what suits both peoples, it's the guarantee of peace and stability for our peoples."

Just last month, Maduro referred to Obama in a public speech as "the big boss of the devils" and accused him of backing the "fascist right" in attacking the Venezuelan people.

In Guatemala, Jaua said that he had presented Kerry with a report on the violence that followed the April 14 election to choose Chavez's successor in which 11 people

were killed and 80 injured, most of them Maduro supporters. He gave the US secretary of state an extract of the report prepared on the incidents by Venezuela's Public Advocate's office.

He said that the discussion had "alerted Kerry to the actions of anti-democratic groups in Venezuela, which threaten Venezuelan democracy, stability and which often are being supported by political and economic sectors of other countries."

In point of fact, the most significant "sectors" seeking to destabilize the Venezuelan regime have long been the CIA and the US State Department.

Maduro's turn toward accommodation with US imperialism has been accompanied by a similar approach to both foreign and domestic capital.

Among the most significant deals in terms of foreign capital was reached late last month with Chevron Corp. Chevron is providing \$2 billion in financing for Petroboscan, a joint venture between the US oil giant and Venezuela's state-owned oil company, PDVSA, to boost heavy crude production in the northwestern state of Zulia. Shortly beforehand, PDVSA secured a \$1 billion credit line with Houston-based Schlumberger Ltd., the world's largest oilfield services company.

While oil exports to the US have declined to about 900,000 barrels a day, it remains Venezuela's chief customer for oil, responsible for 95 percent of the country's export earnings and roughly half of its federal budget revenue.

From the standpoint of the US-based energy conglomerates, securing dominance over Venezuela's oil reserves, the largest in the world, remains a strategic objective. The investments by Chevron and Schlumberger make clear that they see the potential for major profits, the Venezuelan government's rhetoric about "Bolivarian socialism" notwithstanding.

Domestically, after charging for months that major

Venezuelan capitalists, backed by the US, were waging an “economic war” against his government, Maduro invited the country’s second-richest individual, Lorenzo Mendoza, the head of the country’s largest food company, Polar, to meet with him last month at the Miraflores presidential palace in Caracas.

Both Chavez and Maduro had singled out Polar and Mendoza for attack over the country’s increasingly severe shortages and rising food prices. Holding them responsible for hoarding and waging an “economic war,” they threatened to nationalize the firm.

For his part, Mendoza, who is worth some \$4.5 billion, was an enthusiastic supporter of the US-backed coup that briefly unseated Chavez in April 2002. This history had contributed to his keeping a fairly low profile under Chavez, but it was noted in the Venezuelan media that he mounted a vigorous public defense of his company in the face of Maduro’s recent charges.

Mendoza described the meeting as “very cordial, direct, sincere,” adding, “The president was very kind in listening to us and communicating the need to keep investing, producing and supplying markets. That is our lifelong commitment, passion and vocation.” He said that the two had reached an agreement “not to politicize” the issue of food.

Vice President Jorge Arreaza provided a similar description of the encounter between the “working class” president and the billionaire. “The problem’s been overcome,” he said.

The meeting with Mendoza was only the most visible of a series of talks between the government and prominent Venezuelan capitalists. Among the deals reached is the lifting of certain price controls and the easing of currency restrictions.

“In another sign of the rapprochement, the hallways of the finance ministry for the first time in years are filled with businessmen in sharp suits,” Reuters reported. “Many carry folders stuffed with requests for greater flexibility in the currency control system and an easing of price controls.”

The news agency quoted Finance Minister Nelson Merentes stating after one meeting with business executives: “We’ve entered a phase of creating closer ties with the private sector, without ignoring the new socialist economy.”

After months of charging the big bourgeoisie in Venezuela with “sabotage,” the Maduro government is now currying its favor and begging it to increase production. This turn is driven by a deepening economic

crisis characterized by a decline in growth, soaring inflation and widespread shortages.

Venezuela’s inflation rate is now near 30 percent, with the bulk of it reflecting the sharp rise in the price of food. Meanwhile, the growth rate for the first quarter of 2013 amounted to just 0.7 percent. This overall figure, however, masks the severity of the situation.

Venezuela’s financial sector, which continues to enjoy some of the highest profit rates in the world, saw a 31 percent growth during this period, while manufacturing declined by 3.6 percent and construction by 1.2 percent. The scarcity index, which tracks the amount of products missing from store shelves, has hit its highest level since the Central Bank began tracking these figures.

The accommodation between the Maduro government and Venezuelan capitalists, on the one hand, and Washington, on the other, has taken the political wind out of the sails of the rightist candidate Henrique Capriles, who has continued to charge electoral fraud and condemn Maduro as an illegitimate president. While the Obama administration has yet to formally recognize Maduro’s close election victory, it has turned a cold shoulder to demands for OAS sanctions against Venezuela. And Mendoza’s visit to Miraflores indicates that the billionaire accepts Maduro as legitimate.

Clearly, both domestic and foreign capital recognize that behind the left rhetoric and the limited social reforms of “Bolivarian Socialism,” Maduro’s government defends capitalism and they can do business with it. More fundamentally, continued agitation by the right wing and a further weakening of the government under conditions of deepening economic crisis and rising popular discontent poses the danger of provoking a social explosion in the working class.



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