Resistance to U.S. Economic Hegemony in Latin America: Hugo Chávez and Venezuela

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Abstract
Recent years have seen increasing opposition to U.S. political and economic influence in Latin America. Venezuela is a key player in the South American economy. This project researches the country’s history from the 1950s to the present and the role of the U.S. in its formation. Through political economy, this study asks if recent political changes are due to the effects of U.S. policies in Venezuela. The research examines the relationship between the two nations and the development models proposed by the Chávez government. The paper considers alternative models of economic development, independent from U.S. political hegemony.

Introduction
On April 11, 2002, a group of senior military officers stormed the presidential palace in Caracas, the capital of Venezuela. They ousted the leftist president, Hugo Chávez, and replaced him with the more conservative Pedro Carmona. The coup had the support of the business community, the upper classes, the mass media, and tacit support from the U.S.; however, the de-facto government was short lived (Cooper, 2002; Hellinger, 2003; García-Guadilla, 2003; Parenti, 2005). Thousands of the nation’s poor filled the streets demanding that Chávez be restored to office while, in a surprising move, branches of the Venezuelan military acted to support rather than suppress the movement. After two days of massive protests, Carmona stepped down and Chávez returned to power. Scholars Steve Ellner and Daniel Hellinger (2003) claim that this scenario “has no equivalent in Latin American history” (p. ix). No equivalent in Latin American history? Such a strong assertion, as well as the media controversy over Chávez and his “Bolivarian Revolution,” are what spur research on this topic. What has happened in Venezuela to create such controversy, and what does it mean?

The goals of this project are two-fold. The first is to investigate recent changes in Venezuelan society since the election of Hugo Chávez, putting them in a historical context that reveals their root causes. This enables one to see beyond the rhetoric and romanticism of street protests and coups, making sense of social and economic changes that may appear at a glance to be chaotic. The second goal is to develop a theoretical interpretation of these national changes that is grounded in a global framework. Globalization has been changing the way people understand the concepts of community and economy; therefore focusing on the national level alone is
insufficient. Careful attention has been paid here to the colonial history of Latin American countries – this history continues to shape development and politics of power in the region, and it is my belief that present-day inequalities stem from its legacy. Upon looking at the case of Venezuela, I argue that the revolutionary program proposed by Chávez is not so shocking given the history and structure of Venezuela’s political-economic system. I also submit that, despite its shortcomings, the program offers policy changes that are necessary for the development of regional sovereignty for South America and for a sustainable system that is inclusive of previously marginalized Venezuelans. The “revolution” that Chávez brought with his presidency may well be a middle-road model that defies both traditional capitalist and state-socialist models.

History

Traditional democracy: The Punto Fijo system

For decades, Venezuela was considered by many to be an “exceptional” nation, both because of its prosperous economy and because of its governmental system similar to that of the United States (Coronil, 2000; Ellner, 2003; Kelly & Romero, 2002). The political structure was founded in 1958 with the Pact of Punto Fijo, an agreement that established an electoral democratic system after years of dictatorship and coups. The new arrangement was designed to bring together democracy, oil nationalism, and economic development in a project that cast the state as distributor of oil rent money (Coronil, 2000; Hellinger, 2003). In the electoral system, two dominant parties shared power – the social democratic Acción Democrática (AD) and Christian democratic Comité de Organización Política Electoral Independiente (COPEI). The two parties alternated in power uninterrupted for nearly four decades.

According to historian-anthropologist Fernando Coronil (1997), Venezuelan democracy was distinctive because of its fusion of resource wealth with political power. With this combination, he says, citizens could expect to both participate in the political system and benefit from the natural wealth of the country’s resources. Furthermore, he describes how the nation could be thought of as having two parts: a “social body” made of its people and political organization, and a “natural body” made of its physical resources. This split was significant because it aligned political power with nature, rather than with the people: “the nation’s social body became more marked as the passive beneficiary of its natural body, seen now as the main source of the nation’s powers” (Coronil, 1997, p. 168). It is in this context that one can understand Venezuela’s economic system of statism. Such systems, internally-focused and less open to foreign investment, were common from the 1930s to 1960s in Latin America and the United States. Statist philosophy maintains that the state should create the conditions for industrial development and strategic strength (Kelly & Romero, 2002). This was the goal of the Pact of Punto Fijo, which organized the state to be the manager of its natural resource wealth.

The close relationship between the state and industry in this model meant that the government derived most of its revenue from the oil industry. Oil drilling had begun in 1914, expanded quickly throughout the 1950s, and when Venezuela nationalized its oil industry in 1976, it represented the culmination of the Punto Fijo project (Hellinger, 2003). After the oil embargo by the Arab states of OPEC, global oil prices skyrocketed, making for windfall revenues to oil-exporting nations world-wide. (See Figure 1.) Indeed, Venezuela received more money during this boom than all of Europe did under the Marshall Plan (Coronil, 1997). The surge in income allowed the Venezuelan government to further its statist agenda. It increased spending on social programs and infrastructure projects, and from the oil industry grew a prosperous middle class.

A sharp decline in oil prices after the 1970s began to erode the middle class and forced the government to borrow heavily to maintain its social spending. This caused Venezuela (and numerous other Latin American export-based economies) to accumulate massive debts, the effects of which are still felt today.

Figure 1. International crude oil prices from 1978 to 2005 (Source: Oil Energy)
It is critical to understand how the bond between governmental institutions and oil money shapes the economic and social progress of the country. Statism and Import Substitution Industrialization were common in other Latin American countries as well, but the high revenues brought in by oil (as opposed to other primary-good exports) were what had helped to bolster Venezuela's exceptional image.

The demise of Punto Fijo and the statist model: Long-term causes

The exceptionality was not an inherent national characteristic, however, and in the last decade Venezuelans watched as their system of 40 years came apart at the seams. There are both long-term and immediate reasons for the decline, both of which must be acknowledged to understand the current situation. The long-term economic and political factors leading to the demise of puntofijismo have to do with the efficacy and legitimacy of the system. Scholars disagree over which factors were most important, though there is a general consensus that the system was in decay. Some believe that the main cause was a matter of economic mismanagement. Terry Karl (as cited in Hellinger, 2001; as cited in Ellner, 2003) blames Venezuela's economic failure on the reliance on oil to sustain the economy. She argues that oil-exporting nations suffer a phenomenon known as the "Dutch Disease," a problem that occurs when booms overvalue currency and weaken other sectors in a domestic market. A single-export based economy is also vulnerable to fluctuations in market prices, which can be disastrous when they fall.

As Kelly and Romero (2002) point out, high prices can also be disastrous. High revenues can lead to over-confidence ("an atmosphere of easy money") and corruption (Kelly & Romero, p. 149). The boom's impact in Venezuela was to create a society in which the population expected the state to distribute the wealth of its export, despite the lack of productivity and organization on the part of the population (Parenti, 2005; Kelly & Romero). Ever since 1936, the government has touted its goal of "sowing the oil," the phrase for using the nation's oil wealth to establish productive enterprises in other sectors.

The country's failure to "sow the oil" does not surprise Coronil (1997), however, who argues that Dutch Disease is a misnomer. He says that it should be renamed the “Third World” or “Neo-colonial Disease,” pointing out that it is "an epidemic in the monocrop economies of the third world" that seldom afflicts nations of first-world status (Coronil, 1997, p. 7). He also argues that the Dutch Disease does not give a satisfactory explanation of the decline of the economy because the real causes are beyond mere mismanagement. The economic and social downturn that took place after the boom of the 70s had to do with over-reliance on oil, but the overall decline was the result of structural and cultural deficiencies in the country. The Punto Fijo government was not really a democratic revolution that eliminated the oligarchs of the past, as the national mythology led people to believe. Rather, Coronil (1997, 2000) claims, it was a compromise on the part of the elite to transfer political power to the electorate while maintaining the privileges of wealth and influence.

Just as oil wealth had allowed the concentration of political power in the figure of the president during [previous military dictatorships], it made it possible for the ruling democratic parties to monopolize political and economic power and to exert extraordinary influence over society. (Coronil, 2000, p. 35)

If the Punto Fijo system is analyzed in this light, the failure of Venezuela to create a sustainable economy did not result only from mismanagement by party leaders, but also from the structure of the political-economic system itself. It is well-documented that the system was marred by corruption, and the struggle to get rid of it continues (Maya, 2003; Roberts, 2003; Gott 2001; Coronil, 1997; Munckton, 2005; Parenti, 2005). Corruption was visible when Carlos Andres Pérez, president for the first time during the late-seventies oil boom, suffered two separate coup attempts during his second term in 1992. The coups failed, but Pérez was impeached on counts of corruption the following year. In the 1993 presidential elections, the abstention rate was 39%, the highest in Venezuelan history (Buxton, 2003). These events, and others to follow, served to reinforce a widespread discontent with the party system, which had caused them in the first place (Coronil, 2000).

Partly as a result of the corruption, the benefits of oil money were not enjoyed equally by all Venezuelans. Political power in the democracy was strictly centralized in the two parties and was distributed on the basis of patron-client relationships. Unlike the ideology that cast each citizen as part land-owner (Coronil, 2000), not all of the population shared in the prosperity of oil sales. The biggest beneficiaries of national wealth were those who were best positioned to take advantage of political institutions in the patronage system – these tend to be urban dwellers of upper-class status and White/European ethnic origins. Political access has been especially difficult for Indigenous and Black Venezuelans, minorities who were not protected by the constitution prior to 1999 (Becker, 2004). Even in 2000, the top 10 percent of the population received half of the national income (Gott, 2001).
Acknowledging the sources of the economic decline, it must be emphasized that the erosion of living standards began far in advance of the tumultuous events of the 1990s. After international oil prices plummeted in the 1980s, Venezuela had borrowed heavily to maintain its funding for social programs and services. Loans did not secure social spending, however. During the neoliberal economic adjustments of the late 1980s, countries aimed to decentralize the government and economy through financial deregulation and privatization of state enterprises. However, these measures only exacerbated poor conditions. In Venezuela, social spending decreased from 8 percent of GDP to 4.3 percent (Roberts, 2003), and with the decreased national income came impoverishment and a widening income gap. Julia Buxton (2003) reports that poverty grew from 36% to 66% from the mid 80s to mid 90s, shooting from 43.9% to 66.5% in the year between 1988 and 1989. At the height of political crisis in the mid 1990s, the general poverty rate was at 86% (Buxton). The middle class had shrunk and civil society increasingly lacked organization. This was especially true of organized labor, as the economy grew less formal, the traditional, more productive enterprises of industry and agriculture waned while service jobs, short-term and informal employment had become prominent. These trends show that the economic decline came in a number of ways and occurred over an extended period of time.

The demise of Punto Fijo and the statist model: Immediate causes
Immediate factors signaled the fall of the traditional system as well. The coups of 1992 and impeachment of Carlos Andrés Pérez were not the only visible evidence of the decline; other events illustrated the increasing social unrest and disillusionment. In 1989, Pérez had been elected for another term by Venezuelans who opposed free-market or neoliberal reforms (Buxton, 2003; Márquez, 2003). Contrary to his social democratic platform, Pérez shocked the nation by embracing the policies he had decried in the 1970s. In what has been dubbed “The Great U-Turn,” he announced on February 16 that he had already made an agreement with the International Monetary Fund (IMF) to implement liberalization measures.

Shortly after his announcement the Bolivar was deregulated and the price of petroleum shot up by 100%. This placed an immediate burden on bus drivers living in the crowded shanty towns around Caracas. To cover costs, they doubled bus fares, and on February 27, commuters rioted in response, sending a wave of protests through the countryside in a matter of days. It took five days to quell the revolt, known as the Caracazo, and this single event has had a lasting impact on Venezuelan society. Pérez later explained that his decision was due to the desperate need for foreign investment. Acknowledging that the decision was unpopular, he said that Venezuelans “…must understand that these are unavoidable. There was no other way out” (Gott, 2001, p. 51). The riots were the country’s first mass expression of class-based unrest since the 1930s and marked the end of passivity on the part of the public.

Like the Caracazo, the failed coups of 1992 were also turning points. The first attempt was led by Hugo Chávez Frías, a young officer who had been involved in revolutionary organizing within the military academy. When he and the coup supporters were arrested for treason, he made a one-minute televised statement in which he told his comrades to put down their arms and took responsibility for the failure. He declared to the public that por ahora (for the time being), their objectives had not been reached. This phrase signaled a continuing commitment to the anti-party cause, and his apology left an impression in the minds of the public, who were not accustomed to hearing political figures accept blame for their failures (Parenti, 2005; Gott, 2001).

While the military coup tactics failed, Chávez returned after his release from prison to organize a coalition that could oust the dominant parties in a presidential electoral bid. As the Punto Fijo regime faded, various smaller parties came on board to form the Polo Patriótico (Patriotic Pole), a coalition for what had become the Movimiento Quinta República or Movement for the Fifth Republic (MVR). In 1998, Chávez ran on the platform of writing a new constitution and leading the nations of South America in an original direction that would unite and strengthen the region (Gott, 2001). After the MVR did well in local elections, COPEI and AD desperately moved to endorse the independent Salas Römer one week before the election. It was not enough to sway the election, and Chávez won the presidency by a 56 to 39.9 percent margin (Hellinger, 2003). The new constitution was drafted by a constituent assembly and approved by a referendum vote in 1999.

Politics and policy in the era of Chavismo
Using legitimate means to take power has not guaranteed an easy time for Chávez and his administration. The opposition has been fierce since his first election, marching en masse afterward to demand both his ouster and a recall vote on the basis that the election had been rigged. Supporters have also turned out to fill the streets, marching in defense of Chávez’s legitimacy and celebrating the anniversary of his inauguration. Both opponents and supporters continue to protest, voicing opinions about chavista policies and programs. The stark split between those who revere the president and those who despise him makes for a
polarized and volatile political climate (Ellner & Hellinger, 2003; García-Guadilla, 2003; Roberts, 2003).

Increased polarization can be seen in political parties, labor groups and civil organizations, but class divisions are what most clearly distinguish pro- from anti-governmental factions. Chávez’s support comes predominantly from the peasant and working classes. According to a Datanalysis poll, in the 1998 presidential campaign Chávez received the strongest support from youth, men and lower classes (as cited in Hellinger, 2003). In a subsequent race against Francisco Arias Cárdenas, the class distinction was again very clear, with Arias receiving support from 2/3 of the wealthy and middle-class sectors, Chávez from a majority of the poorest social sectors (Hellinger, 2003). And as noted, the reversal of the 2002 coup was due in large part to the immediate response of crowds from the poor barrios (Hellinger, 2003).

As Chávez continues to pay particular attention to the poor and to the Indigenous and Black communities, his approval ratings have grown immensely. The 1999 constitution brought changes by offering protection of land and resources for Indigenous communities, official status for Indigenous languages, and the reservation of three deputy seats in the National Assembly for Indigenous representatives (Becker, 2004). In two polls, Chávez’s support has grown to a range of 53% to 70% and support for the opposition has shrunk to a range of 10% to 27% (“And now your,” 2005).

Conversely, it is in the ranks of the middle and upper classes that the most opposition is found. The opposition rallies and marches during the brief 2002 coup were organized in the more affluent areas of eastern Caracas. The coup itself showed where opposition lay: it was supported by a faction of military officers, business elites and the privately-owned mass media (Cooper, 2002; Hellinger, 2003). Pedro Carmona, the man chosen as interim president during the coup, had been the head of Fedecámaras, the nation’s leading business association. Even during the anti-government oil strike/lockout of 2001, the majority of worker organizing was done by unionized labor, which is imbedded in the clientelist political system; workers in the informal sectors continued working (Hellinger, 2003). A New York Times editorial affirms the source of opposition, saying that Chávez’ opponents do not speak for the majority of the population. Referencing his victory in the 2004 recall referendum, the editorial attributes Chávez’ victory to the fact that his programs address the concerns of the poor, who have “felt like the neglected stepchildren of the country’s oil boom” (“Hugo Chávez wins,” 2004). The referendum had been called for by opponents on the basis of fraud, but after auditing the results Chávez’s win was endorsed by both the Organization of American States and the U.S.-based Carter Center (Forero, 2004).

**Domestic agenda in the new order: The Missions**

Despite the fierce opposition, the administration has won seven national referendums, succeeding in passing a new constitution and initiating a number of social programs. With the stated goal of forming its own model of “21st century socialism” or a “social, humanist, egalitarian economy” (“Oil, Missions,” 2005), the government’s purpose with the projects is to give more Venezuelans access to land, education, health care and a means of livelihood (Parenti, 2005; “Oil, Missions,” 2005).

One of the first major projects was “Plan Bolívar 2000,” a civil-military public works project in which military personnel worked to improve sanitation, health, transportation, housing, and other public infrastructures. It was both a practical attempt to provide jobs and services and a political attempt to show the MVR party as a joint civil-military organization (Buxton, 2003; Hellinger, 2003; Roberts, 2003). A series of other projects, or missions as they are called, have been initiated more recently, addressing the foundations for social welfare and a sustainable economy.

Two of the most successful missions have been for health care and education. Misión Barrio Adentro (Inner-City Mission, roughly) has been providing health care with the help of over 20,000 Cuban medics; it is reported to have done over 185 million consultations and saved over 25,000 lives (Munckton, 2005). The program has been criticized by Venezuelans who fear the influence of Cuban communism; others regard it as nothing more than social work (“Oil, missions,” 2005). Social work in the realm of education is being provided by Misión Ribas (Mission Robinson), a program that offers free adult education. It serves Venezuelans who haven’t been able to attend high school due to economic hardship; it offers stipends to poor students and flexible hours for those who are working. The program graduated over 20,000 people in June, and 210,000 people are expected to have been graduated by the end of this year. Most have already enrolled in Misión Sucre, which provides people with free university education (Munckton).

Other missions address issues of food, land reform and housing. Food sovereignty is the goal of Misión Merval, a project of state-run supermarkets. Twenty five thousand Merval stores hold 60% of the food market and source food from government-owned cooperatives. This is a strategic move toward food sovereignty for a country that imports the vast majority of its food (Munckton, 2005).

Likewise, land reform is a crucial component of food sovereignty. Government projects have been started...
to address rural land access issues, which is urgent in a land where the population is concentrated in urban centers. The situation is precarious; according to The Economist, 75% of farmland is owned by less than 5% of landowners (“And now your,” 2005). The government claims that the country cannot grow enough food to feed its citizens, and its newly-created National Lands Institute has begun a review of latifundio, or large estates, for possible redistribution (Bruce, Apr 29, 2005). The government has asked hundreds of firms to provide proof of title back to 1848; failure to do so may result in distribution of plots of land to campesinos for small-scale agriculture and farming cooperatives. At the time of this publication only two estates have had land expropriated, one of which is a cattle ranch owned by the British Vestey Group. Parts of the ranch have been occupied by peasants for several years. In March of this year, however, the government declared failure of the firm to provide adequate proof of title. Chávez has promised to build half a million homes by next year, with hopes of completely solving the housing crisis in 17 years. He has admitted, however, that so far they have fallen short of the mark, saying that housing “is one of the most serious [problems] that Venezuela faces. Our revolution has provided some answers but they’re really not enough” (“Venezuela to offer,” 2005). In the last five years, only 91,000 homes have been built, not enough to house the 26 million who have inadequate housing.

As part of the broader Project PAIS (Poblaciones Agro-Industrial Sustentables, or Sustainable Agro-Industrial Populations), Chávez is combining the missions with job training and the formation of worker cooperatives. The goal is to encourage re-settlement of the countryside by creating centers of development that contain clinics, schools, and workshops for the production of goods (“Oil, missions,” 2005; Gott, 2001; Munckton, 2005; Parenti, 2005). The projects are reported to have benefited 70% of the population thus far (“Venezuela politics,” 2005; Munckton, 2005). However, all of Chávez’s projects have been made possible by unusually high international oil prices, over $65US per barrel at the time of this paper. (See Figure 2.) Time will tell if the projects have succeeded in “sowing” the oil money, or if they have merely spent it. The future of Chávez’s agenda remains uncertain.

Chávez’s programs may also appear inadequate because poverty rates have not decreased since reforms began. The statistic from the Miami Herald (as cited in Weisbrot, 2005) is often quoted by opponents that the poverty rate grew from 49% in 1998 to 53% in 2004. The figures are correct, but they do not necessarily depict what is taking place in society as a whole. Others counter that the poverty rate had begun to decline in 2003, and living standards for the lowest 84% of the population have increased by one third after accounting for inflation (Datos Information Resources, as cited in Munckton, 2005). According to Weisbrot (2005), statistics on household poverty do not include non-cash income of the poor such as subsidized food, health care and housing. Furthermore, he says that these kinds of subsidies have dramatically improved quality of life for the majority of Venezuelans. Because of this, he argues, one must take into account the

Figure 2. Global crude oil prices over 2-year span (Source: U.S. Department of Energy)

Note: WTI (West Texas Intermediate) and Brent are particular types of crude oil that are used as references for quality (Elf, 2005).
different kinds of changes in resource distribution that are happening in Venezuela in order to compare the effectiveness of Chávez’s policies.

International agenda
The missions are attempting to improve quality of life for Venezuelans on the domestic front. As a direct result of the missions, millions of Venezuelans are receiving food and land, forming worker cooperatives for production of goods for the domestic market, and have more access to a high school and college-level education. But international relations also play an important role in Chávez’s Bolivarian vision. When he ran for president, Chávez promised changes that would protect the country from the negative effects of globalization (Kelly & Romero, 2002). A key part of his plan to revive the nation is encouraging cooperation among countries in South America and the Caribbean, outside of the influence of the United States. Venezuela’s increasing involvement in the Andean Community, OPEC, and neighboring countries shows his commitment to regional integration and international trade, though moves such as oil contracts with Cuba have not been well-received by the U.S. Even yet, Venezuela has remained a reliable supplier of oil to the United States and is still a major importer of U.S. goods.

Economic integration is just one part of the plan to strengthen the region; cultural and political coordination form the other. This summer the government (along with Argentina, Uruguay, and Cuba) launched a new Latin American television network, Telesur, which is meant to provide a venue for media from a Latin American perspective. Andres Izarra, Telesur’s president, describes the project as “an initiative to integrate through communication the different countries of the region [and] an essential pre-requisite for closer political and economic links across Latin America” (Bruce, Jun 28, 2005, para. 16). Chávez has also used the Organization of American States and the United Nations as sounding boards for building regional unity and for defense of political actions. In an hopeful statement in a March meeting between Chávez and heads of state from Brazil, Colombia, and Spain, Chávez said that “a new geopolitical map is forming on the horizon,” one “without confrontations” (“Presidente Chávez,” 2005, para. 8).

Discussion
Class relations within Venezuelan society
It seems quite possible that a new geopolitical map is on the horizon for Latin America, though it is not likely to be free of confrontations. As illustrated, a fierce debate rages between supporters and opponents of Chávez. Both sides have claims that are legitimate; thus in order to understand the situation it is not enough to take a side, one must understand what is at stake for those on different sides of the debate. Also, the struggle is taking place in both the national and international arenas.

As discussed above, most of Chávez’s opponents are of privileged social status and class. As a result, their privilege is at risk with the success of the MVR’s policies. The Punto Fijo government, while far more democratic than the dictators and military regimes that preceded it, was a system that remained by and for the wealthy. The reason that Chávez was able to gain power and that his revolutionary programs have been relatively well-received is that the majority of the population was and is seeking radical change (Hellinger, 2003). Coronil’s observation (1997, 2000) that the system appeared, but it was not fully inclusive is important. Political power has consistently been reserved for the upper class status and people of European descent – never for Indigenous or mixed ethnicity, until Chávez (Becker, 2004). What Chávez did with his electoral bid was bring class issues to the forefront of political dialogue in Venezuela. Because the traditional balance of power has been unequal, the creation of a more inclusive system will necessarily require the political elite to sacrifice some privilege. Land reform, proportional representation and government-subsidized social services are just a few examples of how a better balance of power may be created. If productive enterprises such as worker cooperatives can be sustained, they may also be the key to the country’s sustainable non-oil economy.

Most Venezuelans were prosperous during the oil boom of the 20th century. The problem was that it was not a sustainable prosperity nor was it, as many had believed, the reward for their exceptional self-governance. With citizens content to rely on the government for distribution of resources, they were not required to be active beyond participating in elections. This poses a problem today as the country tries to wean itself off of its reliance on oil and spur productivity in other areas. As the planning and development minister, Jorge Giordani, told The Nation:

“We’ve been fighting political battles for most of our time in office. Many people have learned to read in the last few years, but how long will it take for them to work in high technology, or medicine, or services? Three years? A generation? We are fighting a very individualistic, rentier culture. Everything has been ‘Mama state, Papa state, give me oil money.’ To organize people is extremely hard. (as cited in Parenti, 2005, p. 5)

This problem is not easily placed on any one individual or institution, but on a confluence of factors in Venezuela’s history. The root causes of economic decline were many, and as a result solutions will necessarily take time. Chávez seems to be trying to address
Changes in global dynamics of power
Because no nation exists in complete isolation in today’s world, power relationships must be transformed on the global level as well. The relationship between nations of firstand third-world status has historically been one of inequality, and for all its wealth as an oil-exporting nation, Venezuela has not managed to escape this. Extraction of resources by colonial powers was followed by extraction of resources by first-world consumer markets, and finally loans that required radical structural adjustments ravaged the fragile society. For economic development to benefit everyone in South American nations, serious strides must be made to give the poor access to institutions of power and democratic decision-making. How Venezuela is represented in international forums, institutions, and in mass media will do much to determine the role the country will have in determining its development agenda.

Though it is often portrayed as such, chavismo cannot be easily dismissed as anti-globalization, anti-capitalist or even anti-American. Kelly and Romero (2002) cite regional integration in the form of the Andean Community and Mercosur as an “alternative to globalization” (p. 39). This is only accurate if globalization is defined narrowly, as what has been dubbed the “Washington Consensus” or the model of U.S.-led neoliberal capitalism. Globalization should not be limited to the design of first-world schools of thought, however. Chávez has said that his project is “neither statist nor neo-liberal,” that they are “exploring the middle ground, where the invisible hand of the market joins up with the visible hand of the state: as much state as necessary, and as much market as possible” (Gott, 2001, p. 172). It is clear both by the government’s efforts to strengthen ties with neighboring nations and its enthusiastic involvement with international trade that it is not opposed to globalization. It cannot be anti-capitalist either, as evidenced by the way that Chávez has maintained constitutional protection for capitalist elements such as private property rights and foreign collaboration with the state oil industry. What seems more likely is that Chávez is seeking a model of involvement in the global economy that puts Venezuela first – a model that will raise the standard of living for the poor and empower the country and region, rather than continue the failed neoliberal model that was destructive in its implementation. It should come as no surprise that most Venezuelans have rejected the orthodox economic model championed by the United States, because it did not benefit them.

Once this distinction is made, it becomes easier to understand Chávez’s harsh treatment of the U.S. in his rhetoric. His inflammatory anti-Americanism is often the focus of media attention, as with his denunciation of a U.S. memo to the nations of CARICOM in June. The memo asked CARICOM nations to encourage Chávez to respect democratic institutions, accusing his government of using oil money to “destabilize its democratic neighbors” while “financing extremist and antidemocratic groups” in the region (“EEUU envió informes,” 2005). Chávez was quick to rebuke the United States, defending his commitment to democracy. Citing the history of U.S. intervention in the region, he called the memorandum “a slap in the face” (“EEUU envió informes”).

Despite this tension, Chávez has not completely rejected nor attacked the historical ally of his country. He is critical of U.S. intervention, as he is seeking ways for nations in the region to resolve their own conflicts and determine their own style of involvement in global affairs. Given that there is a well-documented history of U.S. involvement in Latin American affairs, including the coup attempt on Chávez in 2002, his wariness is perhaps justified. Relations were not helped by the recent television broadcast of U.S. Reverend Pat Robertson, who called for the assassination of Chávez on the basis that he had “destroyed the Venezuelan economy” and will make the continent “a launching pad for communist infiltration and Muslim extremism” (Borger & Campbell, 2005, p. 1). But the condemnations of these statements already voiced by citizens of the United States will hopefully serve to ameliorate the situation.

Certainly problems exist with Chávez’s authoritarian tendencies; for the sake of limiting the scope of this paper, I have not attempted to elaborate on his reported disrespect for the civil rights of his opponents and members of the private media. What I do assert is that we must be careful not to think that the scenario is simply one of democracy versus dictatorship, because this is misleading; it obscures the problem of poverty and political exclusion that was the impetus for the changes Chávez promises.
The extent of the “Revolution”
The pressure that South American countries face to modernize by the same model as the United States and Western Europe has created a clash of cultures that has yet to be reconciled because as of yet no one side has prevailed. This seems to be the question posed by Venezuela’s “revolution.” Chávez’s policies for economics, international relations, and development have serious implications both for Venezuelans and for how the world conceives of development. They have similar implications for how the U.S. conceives of its role in the hemisphere as a leader and mediator. In the interest of sustainability and more egalitarian models, people who have been held in third-world status will need to have more leadership roles in development. Venezuela today is pioneering a model of economic development that breaks with the past orthodox models of statism and capitalism. Those who live in the “first-world” would do well to glean fresh insights from the experiments of communities to the South. Not only are they sure to impact the future of global economic relations, but their experiments may provide helpful models for even the most successful nations, as all countries will face rapid change and uncertainty in the globalizing world.
References


