Hugo Chávez: Latin America’s Pied Piper

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Introduction

Record oil prices and the increasingly hostile relationship between President Hugo Chávez and the Bush administration are keeping Venezuela in the headlines throughout the Americas. Today, Venezuela, more than Mexico or Colombia, consumes most of the attention of senior U.S. policymakers focused on Latin America. Chávez’s ambitious and aggressive agenda has led him to every corner of the globe, making deals with his oil largesse to forge and consolidate a coalition opposed to the United States. The two countries are currently on a collision course, and Chávez’s tight grip on power at home, coupled with a favorable energy market and a determination to spread his influence globally, are likely to keep Venezuela at the forefront of the Latin America policy agenda for some time to come.

The United States long enjoyed friendly political and commercial relations with Venezuela. In the 1960s and 1970s Venezuela was regarded as a model democracy, with a robust two-party system, and a relatively prosperous Latin American country, thanks largely to significant petroleum production. Yet, though the social and political order was superficially stable, it was also increasingly unjust. Corruption and mismanagement plagued the government. The deteriorating conditions in the late 1980s and 1990s prepared the ground for Hugo Chávez’s first election to office in December 1998. Since then, Chávez has proceeded to concentrate power to an unprecedented degree, dominating the country’s chief institutions.
The Roots of Chavismo

To his most ardent backers in Venezuela and among the international left, Chávez is a hero driven by humanitarian impulses to redress social injustice and inequality – problems long neglected by a traditional political class intent on protecting its own position while denying the masses their rightful share of wealth and meaningful political participation. He is bravely fighting for Latin American solidarity and standing up to the overbearing United States. With his charisma and his oil dollars, he is seizing an opportunity to correct the power and wealth imbalances that have long characterized Venezuelan and hemispheric affairs.

To his opponents – the embattled domestic opposition and many in Washington – Chávez is a power-hungry dictator who disregards the rule of law and democratic process. He is on a catastrophic course of extending state control over the economy, militarizing politics, and carrying out wrongheaded social programs that will set the country back. He is an authoritarian whose vision and policies have no redeeming qualities and a formidable menace to his own people, his Latin American neighbors, and U.S. interests.

These caricatures have defined the poles of a debate that has obscured the reality of the Chávez phenomenon. Chávez’s appeal cannot be understood without acknowledging the deep dissatisfaction with the existing political and economic order felt by much of the population in Venezuela and throughout much of the rest of Latin America -- the world’s most unequal region. Chávez’s claims that he could remedy Venezuelans’ legitimate grievances have won him the support of many in his country and the wider region.

Venezuela was ripe for major change when Chávez was elected president in 1998. For 40 years, an alliance of two parties – Democratic Action (AD) and the Christian Democratic Party (COPEI) – had dominated the political order. By the 1970s, both were rightly considered guilty
of chronic corruption and mismanagement; the exclusionary political system they managed was wholly divorced from the central concerns of most Venezuelans. The country’s ample oil wealth (Venezuela is the world’s fifth-largest producer) only deepened the population’s rage.

During the 1980s and 1990s, no South American country deteriorated more than Venezuela; its GDP fell some 40 percent. In February 1992, with unrest already widespread, Chávez, a lieutenant colonel and former paratrooper, led a military coup against the government. Although the coup failed and Chávez spent the next two years in prison, his bold defiance catapulted him onto the national political stage and launched his career.

When Chávez entered politics six years later, his combative style and straight-talking populist charisma served him well in a country marked by pervasive discontent. His fierce indictment of the old political order – and his promise of a “revolution” in honor of South America’s liberator, Simon Bolivar – held wide appeal among poor Venezuelans. Unlike the “out of touch” politicians, Chávez projected a sincere concern for those living in poverty. In Venezuela, that meant three-quarters of the population.

Chávez’s political project is an eclectic blend of populism, nationalism, militarism, and, most recently, socialism, combined with a “Bolivarian” emphasis on South American unity. Chávez sees himself as the embodiment of the popular will. “Participatory democracy,” focused on empowering and mobilizing Venezuelans, is the essence of Chavismo. Taking advantage of his communication skills, Chávez – a consummate showman – regularly speaks directly to the Venezuelan public through his Sunday television program, Alo, Presidente, thereby cementing his bond with the masses.

**Internal Politics**
Chávez has consolidated political power to an astonishing degree, facilitated by the collapse of the old political order. A series of elections and referenda provided a veneer of legitimacy to the constitutional and internal reforms that transfer more and more power to the executive. Chávez set out to remake Venezuela’s political order, from a corrupt and unresponsive oligarchy into a participatory democracy that reflects the wishes of the country’s long-neglected masses. In pursuing this grand project, Chávez has dismantled or drastically altered many of the country’s political and social institutions.

Immediately after his election, Chávez began his overhaul of the established order by rewriting the constitution. He altered electoral rules to favor his already-popular party, Movement for the Fifth Republic, which enabled it to gain a large majority in Congress. He also culled the judicial system of unsympathetic judges by bringing charges of corruption against them. These maneuvers cleared the way for the passage of the new constitution in 1999. This document lengthened presidential terms from five to six years, allowed for consecutive presidential reelection, and changed legislative power from a bicameral Congress to a single National Assembly. The military gained a greater role in politics, as did instruments of direct democracy – including referenda and recalls. The new constitution was only the first of many political and social reforms that have shifted the balance of power in Venezuela and placed virtually all key decisions in the hands of the president.

The opposition in Venezuela has proven consistently unable to unify and provide a viable alternative to Chávez’s populist Bolivarian revolution. This failure is due in part to the president’s institutional manipulations, as well as competing interests and infighting among the traditional centers of power, including political parties, labor unions, and the business elite. To be sure, the opposition has posed some serious challenges to the Chávez administration, but they
have yet to capitalize on them and generate real change. Massive protest demonstrations in 2001 and 2002 came to a head on April 11, 2002, when violence erupted in the streets of Caracas and the armed forces helped remove Chávez from power temporarily. Pedro Carmona, a prominent businessman, assumed the presidency, but confusion shortly ensued, as opposition parties vied for control. The military quickly shifted its allegiance back to Chávez, who was reinstated two days later. The attempted coup allowed Chávez to bolster his control over the military.

At the end of 2002, labor unions and business organizations called for workers to strike at Venezuela’s national oil company, Petróleos de Venezuela (PDVSA), in order to pressure Chávez to allow a referendum. Though the strike lasted for months, Chávez was eventually able to use the military and other workers to break the strike and bring production back on line. Ultimately, the strike allowed the president to fire thousands of workers he deemed to be disloyal, fill executive positions with like-minded individuals, and exert nearly complete control over Venezuela’s immensely profitable oil industry.

In 2003, after initial attempts were rejected by the National Electoral Council, a coalition of opposition organizations was able to force a recall referendum against Chávez by collecting the signatures of over 20% of the total electorate. Chávez won the referendum, held on August 15, 2004, with a 59% “No” vote. Observers from the Carter Center and the Organization of American States (OAS) certified the elections as fair, though sectors of the opposition insisted there were irregularities in the voting lists, machines, and procedures.

Citing concerns that voter secrecy would be compromised and the election would be rigged, opposition parties boycotted the congressional election in late 2005. The decision enabled pro-Chávez parties to end up controlling all 167 seats in the National Assembly. Chávez
denied the accusations and called the withdrawal an attempt by the U.S. to destabilize the country. In the end, the recall process enhanced Chávez’s legitimacy when he won.

Nearly eight years after his first election, opposition political figures and parties are slowly agreeing to unite behind a single candidate to unseat Chávez in his bid for reelection on December 3, 2006. In August 2006, a number of key political forces decided to withdraw their own candidates in favor of Manuel Rosales, the governor of the state of Zulia and formerly of AD. Rosales faces an uphill struggle, and currently does not even poll in double digits. That Benjamin Rausseo – a popular television comedian with no political experience – is now garnering much of the press for his satirical campaign, reflects the attitude of much of the Venezuelan public toward the election. Though it has made some strides in coming up with a unity candidate, the opposition will nonetheless have a very hard time contending with Chávez’s popularity – he has around 55% support – as well as his important institutional advantages. The remaining months of the campaign will be a test of the opposition’s leadership and strategy.

Though dissent is certainly permitted in today’s Venezuela – in fact there is an important opposition media – the Chávez government has exercised its power to put in place legal instruments that can be applied to suppress criticism, when deemed necessary. According to the criminal code, it is now an offense to show disrespect for the president and other government authorities, punishable by up to 20 months in jail. A December 2004 Social Responsibility Law comes close to censorship by imposing “administrative restrictions” on radio and television broadcasts. The measure has been strongly condemned by various groups, including the Inter-American Commission on Human Rights, a body of the Organization of American States (OAS), and the Inter-American Press Association (IAPA). The possibility of arbitrary enforcement of these restrictive laws for political reasons has had a chilling effect on the press.
There is also credible evidence that government officials practiced a form of political
discrimination -- using referendum petitions to single out opposition sympathizers and deny them
access to social programs or remove them from government jobs. Freedom of the press and
freedom of expression are issues of growing concern under the current administration in
Venezuela.

In addition, there are signs that the military is becoming an increasingly important
institution involved in political affairs, in contemporary Venezuela. Chávez, after all, was a
decorated lieutenant colonel in the Venezuelan armed forces before he led the coup that earned
him a two year jail term but widespread popular approval. Chávez knows the military well and
uses these connections as president. Last year, he changed Venezuelan law in order to remain an
active military officer. More than one-third of the country’s regional governments are now in the
hands of soldiers directly linked to Chávez. In addition, Chávez has undertaken a major effort to
purchase arms, and has also sought to organize an estimated two million reservists in the name of
national defense. The role of the military under Chávez has expanded to include a variety of
internal security and development tasks. As the armed forces emerge as political actors, the lines
that separate civilian from military control are becoming increasingly blurred.

On the social, domestic front, Chávez has announced and implemented over a dozen
misiones, which are programs aimed at reducing poverty and providing an array of social
services to Venezuela’s poor. The focus of this Chávez innovation has to do with critical areas
such as food, health, literacy, housing, and education. The record of these programs is mixed,
though in some cases clearly have benefited the poor. In other cases the results are more
problematic, and some misiones have been carried out according to largely political criteria,
meaning loyalty to Chávez and his government. Thousands of Cuban doctors and teachers have assisted in the medical and literacy social programs.

Chávez is able to fund these social programs because of the massive oil revenues brought in through PDVSA. When Chávez came to power in 1999, oil was less than $10 a barrel; today the price has risen to over $75 a barrel. Oil revenue accounts for roughly one-third of Venezuela’s total Gross Domestic Product and 80% of its export revenue. This influx of cash gives Chávez flexibility in setting his budget that few other leaders have in cash-strapped Latin America. It also allows him to spread the wealth around the country, thereby building a solid political base through traditional, clientelistic politics.

Whether most Venezuelans are marginally better or worse off under Chávez, the evidence suggests that the government has not devised policies that generate employment and take advantage of abundant resources. Chávez’s formula for social betterment has not worked, and seems increasingly like another lost opportunity for the country’s poor.

US-Venezuela Relations

As U.S. policymakers contend, Chávez’s defiance of and hostility toward Washington has been a defining characteristic of his regime from the outset. His unremitting critiques of Venezuela’s old order – which he often refers to as the “rancid oligarchy” – have been closely tied to its support by various U.S. administrations over the decades. For Chávez, the U.S. government and the Venezuelan opposition are virtually indistinguishable. His speeches are peppered with strident anti-U.S. rhetoric, charging Washington with imperialist designs and systematic exploitation of the poor.

A turning point in the increasingly troubled U.S.-Venezuela relationship was the Bush administration’s reaction to the military coup against Chávez in April 2002. Although precisely
what happened then remains unclear, the rush to express approval for such a blatantly
unconstitutional act undermined U.S. credibility on the democracy issue. It also distanced the
Bush administration from many Latin American allies who expressed concern about Chávez’s
ouster. Though Washington shifted its position when Secretary of State Colin Powell made a
welcome, pro-democracy speech at the OAS days after the coup, the damage had already been
done.

What has particularly alarmed U.S. officials is Chávez’s alliance with Fidel Castro,
Washington’s nemesis for nearly half a century. With apparently unlimited resources, Chávez
has succeeded in giving new life to the vision many considered long buried: to export
“revolution” (in this case, Bolivarian Revolution) throughout Latin America. Chávez is taking
advantage of his resources to carry on Castro’s strategy, which had been thwarted four decades
earlier.

Even as political relations between Caracas and Washington have deteriorated,
Venezuelan oil has continued to flow to the United States. So far, all of the antipathy has not
affected that key commercial relationship, which has provided a cushion against a more serious
clash between the two countries. The United States gets some 14% of its imported oil from
Venezuela, and more than 50% of Venezuela’s oil exports go to the United States. For now,
Chávez’s efforts to diversify the markets for Venezuelan oil seem to be meant to keep
Washington on-guard and preempt any anti-Venezuela moves.

Regional Ambitions

From the outset, it has been clear that Venezuela, with a population of 26 million, is too
small a stage for Chávez’s political schemes. Chávez has taken full advantage of a confluence
of favorable factors – lots of money, Latin America’s political disarray, U.S. disengagement
from the region, widespread hostility to the George W. Bush administration – to construct alliances throughout the Western hemisphere and beyond.

Chávez’s close friendship with Castro and alliance with Cuba have been integral to this project. In exchange for Cuban teachers and doctors, Chávez furnishes the financially strapped island with some 90,000 barrels of oil a day. It is entirely plausible that Castro provides Chávez with strategic advice, along with some military support and intelligence. More and more, Cuba and Venezuela are important elements in each other’s larger ambitions. As Castro’s health declines, Chávez is increasingly assuming the role of anti-American standard bearer within the region and around the world. His various assets, including oil money, veneer of democracy, and relative youth and energy may put Chávez in a more favorable position than Castro to attempt to construct a counterweight to U.S. power.

Evo Morales, the president of Bolivia, is the junior member of Chávez and Castro’s regional ideological alliance. Chávez openly and enthusiastically backed Morales in the December 2005 presidential elections in Bolivia, and there have been some reports of campaign contributions from Venezuela. There is little doubt about the influence and affinity among Castro, Chávez, and Morales. Chávez urged Morales to nationalize the natural gas industry in Bolivia, and they have joined forces to forge a vaguely defined alternative “Bolivarian” free trade arrangement (ALBA), seen as an ideological counter to the stalled Free Trade Area of the Americas (FTAA) supported by the United States.

Beyond Bolivia, how popular is Chávez throughout the region? President Nestor Kirchner of Argentina and Ignacio Lula da Silva of Brazil share some ideological affinities with Chávez, though they primarily indulge him without truly endorsing his agenda. They do so for mainly pragmatic economic reasons, and also because of national constituencies sympathetic to
Chávez’s anti-U.S. and social justice appeals. In addition, presidential candidates Rafael Correa in Ecuador and Daniel Ortega in Nicaragua have openly expressed their admiration of Chávez. In the recent election in Peru, however – and to a lesser extent in Mexico – an association with Chávez proved to be a liability.

Chávez is seeking to expand his influence through other mechanisms as well. Last year, Chávez launched Petrocaribe, which provides oil to 13 Caribbean nations at steeply discounted rates. He has also bought $1 billion in Argentine bonds and $25 million in Ecuadorian bonds and has substantially underwritten a media initiative called Telesur – a Latin American alternative to CNN. Venezuela recently gained membership to Mercosur, with the aim of boosting the trading block’s political role in hemispheric relations. It is currently locked in a diplomatic struggle with the United States, which backs Guatemala, over a non-permanent seat on the United Nations Security Council from 2007 to 2009. The vote will take place in October 2006.

The primacy of petroleum has given Chávez leverage beyond Latin America. He defended his August 2000 visits with Iraq’s Saddam Hussein and Libya’s Muammar Qaddafi on grounds of Venezuela’s membership in OPEC (Organization of Petroleum Exporting Countries). He has also worked to forge stronger ties with key countries such as India and China. The focus on these countries, with their huge and growing domestic markets, fits with Chávez’s declared intention to eventually shift oil market away from his current principal market – the United States. He has vowed to build a pipeline through Panama for trans-Pacific shipments, and last year, PDVSA opened an office in Beijing. Chávez has openly sided with President Ahmadinejad of Iran in his struggle to avoid U.N. sanctions in response to Iran’s nuclear program. Tehran was also one of Chávez’s stops – along with Russia, Belarus, Vietnam, Qatar, Benin, and Mali – on
his recent tour to drum up support for his U.N. seat, purchase arms, and make economic and trade deals.

Because of the current energy situation and the confrontational politics practiced by Hugo Chávez, Venezuela is playing a more active role within Latin America and around the world. Chávez appears on a mission to assemble a group of like-minded governments to create a counterbalance to what he characterizes as the imperialist mission of the United States.

Outlook

Last year, the Colombian magazine Semana, no friend of Chávez, named the Venezuelan president “man of the year.” Semana noted that “he modified the political map of the subcontinent, distributed his oil wealth in every direction, challenged the United States, and went from being perceived as a tropical clown to the Latin American leader with the greatest political influence.”

That influence derives chiefly from Chávez’s ability to define the terms of debate and shape Venezuela’s, and the region’s, agenda. His concern with pervasive social injustice is legitimate and strikes a chord in Latin America, especially in view of the rather dismal condition of education and healthcare in many of the region’s countries. Against such a backdrop of acute distress and unattended needs, Chávez’s appeal is hardly a mystery.

There is no sign that Chávez has any intention of slowing down. The 1999 constitution allows him to run for two consecutive six-year terms. And with his complete control of the national assembly, a proposal to permit unlimited presidential terms stands a good chance of being adopted – and lays bare Chávez’s ambitions for long-term power.

To be sure, Chávez’s capacity to govern the country is not unlimited. A drop in oil prices would prove highly problematic for his plans. There are credible reports of large-scale
corruption within the regime and major inefficiencies in the economy and the public sector.
These are evidenced by the severe infrastructure problems that have emerged during the Chávez presidency. The most dramatic example is the collapse of the bridge that links Caracas to its international airport in January of 2006. It has yet to be fixed, forcing Venezuelans to drive hours out of their way. Common crime is also widespread and reportedly on the rise. It is a source of growing concern for many Venezuelans.

Moreover, already evident splits within Chávez’s amorphous coalition will become more pronounced and create problems for governance. Schisms have, for example, emerged between the Fifth Republic Movement and another minor party, Homeland for All (PPT), over Chávez’s continued radicalism. Dissatisfaction from within the Chávez ranks is mounting. Despite signs of greater accommodation, Chávez’s repeated attacks on some in the country’s private sector will further alienate expertise vital to long-term economic development.

Conclusion

The current issues in Venezuela are shaped largely by President Chávez because of the weakness of the domestic opposition and the absolute control he exercises over all key decisions and policy directions within the country. In the end, however, the solutions offered by the Chávez do not work and are not sustainable. They also come with an unacceptably high political cost. The situation poses a critical challenge for the United States and its natural partners in Latin America. The Chávez phenomenon, still evolving, underscores how important it is to address the fundamental conditions that gave rise to Chávez in the first place. A war of words and other tactics, such as a national strike, have had little effect and have only ended up strengthening Chávez. Rather, it is crucial for Washington and other Latin American capitals to show that there are better ideas for dealing with the core problems that afflict Venezuela and
much of the rest of the region. Chávez’s chief contribution has been to put in sharp relief a widespread grievance in Latin America that cannot remain unheeded.