

Hugo Chavez's election

Venezuelan and foreign capital size up former coup leader

By Bill Vann
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The presidential election victory in Venezuela of Hugo Chavez, a former Lieutenant Colonel who led an abortive coup nearly seven years ago, has provoked relatively little consternation from foreign multinationals and the country's ruling class.

Chavez, who campaigned as the champion of the poor and the scourge of the "oligarchy," settled in rapidly to the role of a responsible statesman, determined to uphold the integrity of Venezuela's constitutional order and the soundness of capitalist investment.

The victory of the ex-paratrooper, who attempted to seize the Miraflores presidential palace in February 1992, was met with noisy celebrations in the shantytowns surrounding the capital of Caracas. For Venezuela's impoverished masses the election at least held the satisfaction of seeing the two parties that have safeguarded the interests of the rich for the past 40 years wiped off the political map. Many took to the streets with one simple slogan: "We are hungry."

Accion Democratica, and Copei, the Social Christian Party, had alternated holding power on a regular and predictable basis ever since the overthrow of Venezuela's former military dictator, Gen. Marcos Perez Jimenez, in 1958. Between them they divided up the considerable spoils of government in a relatively peaceful and business-like fashion.

Carlos Andres Perez, the leading figure in Accion Democratica, was the target of Chavez's coup, which came less than four years after the "Caracazo," the rebellion against IMF-dictated austerity measures in which Andres Perez sent out the army to slaughter hundreds. A year after the coup he was forced out of office in an immense corruption scandal.

Copei was the party of the incumbent 82-year-old president, Rafael Caldera, who was barred by the constitution from succeeding himself and totally discredited by the titanic economic crisis that has swept the country under his government.

In the past, these two parties routinely won more than 90 percent of the vote between them. But in this election their crisis was such that neither ran presidential candidates, throwing their support behind an "independent" anti-Chavez candidate, Henrique Salas Romer. Salas had the virtue of

moderating his attacks on the two traditional parties, defining their multimillion-dollar embezzlements, bank frauds and kickback schemes as a matter of economic "neglect," rather than outright criminality.

But backing the independent did Accion Democratic and Copei little good. Between them, they picked up barely 9 percent of the vote, both of them trailing behind a personalist party launched by a former Miss Universe.

The collapse of Venezuela's two-party system is the political expression of the collapse of the country's economy, once considered among Latin America's wealthiest and most promising. Under the combined impact of falling petroleum prices, mounting foreign debt and the relentless assault of globally mobile finance capital, the country has seen both its inflation and interest rates driven up to around 65 percent.

The onset of recession this year has claimed more than 350,000 workers' jobs. According to the government's own estimates, at least 2,400 businesses have either closed or are on the brink of bankruptcy.

According to one recent study, 97 percent of the country's 23 million people have faced a drastic decline in living standards since the mid-1980s, with the working class seeing its purchasing power cut to one-third of what it was 20 years ago. The nominal minimum wage stands at \$100 a month in a country where minimum basic necessities cost at least \$800.

While in the past Venezuela's enormous petroleum reserves on the Orinoco River financed development and lined the pockets of generations of politicians, today the country faces a \$25 billion foreign debt and a \$6 billion dollar budget deficit with income from oil exports steadily falling.

Despite the populist promises of his election campaign and his previous attempt to seize power by force of arms, the victory of Chavez did not touch off any panic among ruling circles in Venezuela. While he campaigned on promises of jobs, decent living standards, housing, education and healthcare for Venezuela's poor, the ex-army officer lost little time once he had won in committing himself to policies that preclude any such reforms.

"My first message to investors is one of confidence," he

declared. He said that business conditions would be even better under his government because "we will not have the situation of corruption of recent years. We are going to bring about the reestablishment of juridical security to guarantee investments." He sent his principal economic advisor to Washington to assure the International Monetary Fund and other financial institutions that his election rhetoric about reexamining Venezuela's foreign debt commitments was meant only for popular consumption.

"Comandante Chavez began his campaign with more radical language," said Luis Henrique Ball, president of the country's manufacturers' association, Conindustria. "Now it appears that he has moderated, which is very tranquilizing."

Indeed, some representatives of native and foreign capital saw popular illusions in the former army officer as offering definite opportunities.

"The election means that the president-elect will have a reservoir of support for what has to be done," said Antonio Herrera-Vaillant, executive vice president of the Venezuelan-American Chamber of Commerce. "We have lacked this in the last five years, because Caldera was a minority president. There has been great relief since Chavez was elected, he has not waged class warfare and has been conciliatory. Nobody is giving him a blank check from the business community, but nobody is heading for the fire exit."

Washington also congratulated Chavez on his "impressive electoral victory." Having denied him a visa only a few years ago because of his role in the 1992 coup attempt, a White House spokesman expressed confidence in his dedication to the Venezuelan constitution and free market policies, and sent Chavez assurances that a visa would now be granted.

In the aftermath of the election, the stock market in Caracas registered its biggest-ever one day gain while the national currency rose sharply against the dollar. Wall Street analysts explained that Chavez's victory had already been factored in by finance capital and the market reaction was to the absence of civil war in Venezuela.

Chavez ran not only as the candidate of his own "Fifth Republic Party," but also as the head of the Popular Pole, a coalition that included all of the so-called left of Venezuela. The Stalinist Communist Party backed the ex-paratrooper, as did the Movement toward Socialism, or MAS. A prominent ex-Stalinist, Luis Miquilena, was named as the new government's Minister of Interior Relations, one of the key posts in the cabinet.

Meanwhile, there was speculation that MAS's most prominent figure, Teodoro Petkoff, would stay on in the position he held in the Caldera government, that of Planning Minister. Petkoff, an ex-Castroite guerrilla, has functioned for years as the principal architect of the IMF austerity programs that have devastated the living standards of the masses.

In throwing their support behind a former coup leader and populist demagogue like Chavez, these Stalinist and

petty-bourgeois nationalist formations are only helping to legitimize the resurgence of military and authoritarian political figures throughout Latin America.

In Bolivia Hugo Banzer has returned to the presidential palace he once occupied as a dictator, while in Peru Alberto Fujimori continues to rule as the civilian head of what amounts to a militarized regime. In Colombia the right-wing presidential candidate and ex-general Harold Bedoya sent his congratulations to Chavez, declaring that the Venezuelan elections had demonstrated "a phenomenon that is taking place in Latin America, whose peoples see in democratic ex-military figures a way out of the current crisis."

In Venezuela this phenomenon has particular significance. The country had one of the longest-standing antimilitarist traditions in all of Latin America. After the overthrow of Perez Jimenez, it instituted regulations requiring the rotation of officers every year to prevent the consolidation of a military clique bent on staging a coup. In the 1970s, when most of the continent was ruled by military dictatorship, Caracas remained a safe haven for exiles from Argentina, Chile, Ecuador and elsewhere.

Latin America has a long and tragic experience with populist military figures, from Juan Peron in Argentina and Fulgencio Batista in Cuba to Gen. Juan Velasco Alvarado in Peru and Gen. J.J. Torres in Bolivia. Over and over again these military rulers, backed by the Stalinists, Castroites and other sectors of the petty-bourgeois left, have jettisoned their nationalist pretensions and radical rhetoric to accommodate themselves to imperialism and in most cases pave the way to right-wing dictatorships.

While a Peron could pursue limited national development schemes over a period of years, faced today with globally mobile finance capital and the domination of multinational corporations, these pretensions, as shown in the case of Chavez, evaporate within a matter of days.

The collapse of Venezuela's two-party system and the coming to power of Chavez, like the crisis sweeping Chile with the detention in London of ex-dictator Augusto Pinochet, are indications of a profound revolutionary crisis that is taking shape once again on the Latin American continent.

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