

INTERNACIONAL

Will Chávez Survive Disorder?

Norman Gall

Norman Gall is executive director of the Fernand Braudel Institute of World Economics in São Paulo, Brazil. Email: ngall@braudel.org.br

For defenders of capitalism and democracy in Latin America, Venezuelan President Hugo Chávez is seen as a dangerous man. The growing Cuban influence in supporting and defending Chávez's regime has led some Venezuelans to talk of a future "Cubazuela." Yet Chávez's hold on power is increasingly threatened by mounting disorder as his government fails to deliver basic public goods. Indeed, disorder may be Chávez's lasting legacy, reflecting the failure of previous governments as well as his own.

This disorder is pulling Venezuela away from a Cuban model and toward behavioral patterns now seen in Nigeria, the world's leading example of a failed petrostate. Chávez still talks of "sowing the petroleum," as have all Venezuelan presidents since Arturo Uslar Pietri, a conservative writer and politician coined the phrase in 1936. But Chávez seems merely to be continuing the sad history of colossal waste of oil revenues, disorganization and failed investments that have impoverished the Venezuelan people in recent decades.

During 2005, riding the wave of surging oil prices and displaying a brash knack for publicity, Chávez launched a series of initiatives to consolidate his "Bolivarian Revolution," preaching a vaguely defined "socialism for the 21st Century," and to aggressively spread his influence in Latin America.

The former paratroop commander's spectacular career, launched with a failed military revolt by young officers in 1992, reached a climax with the consolidation of his control of all of Venezuela's state institutions, completed in the December 2005 elections that gave his supporters all the seats in the National Assembly.

One of Chávez's advantages in the ups and downs of his turbulent political career is that he has been underestimated persistently by his adversaries. The democratic opposition is atomized into many groups and factions with conflicting ambitions, burdened by the legacy of the corrupt *partidocracia* of past decades (1958-98) and lacking a coherent alternative program and leadership.



Moreover, opposition leaders have little contact with the mass of poor people among whom Chávez is trying to build his political base with lavish spending on social projects.

Three weeks of interviewing in Venezuela, where I lived for six years (1968-74), left me with the impression of greater volatility in Venezuelan politics, and more fragility of Chávez's hold on power, than is commonly believed. Chávez's efforts to build solid popular support have been undermined in recent months by two events that increased his political vulnerability:

1. The December election in which Chávez won total control of the National Assembly was flawed by abstention of 75% of registered voters, which tended to undermine the legitimacy of his mandate. The abstentions were motivated by suspicions that the electronic balloting system allowed the government to detect how people voted and by resentment against the government's control of the National Election Commission (CEN). By law the CEN is supposed to be non-partisan but was packed with Chávez supporters. The fear of violation of the secrecy of balloting was strengthened by the blacklisting from government jobs and contracts of the 3.5 million people who signed a petition for a recall referendum, won by Chávez in August 2004.

While Chávez now controls National Assembly, the military, the judiciary, election authorities and the public prosecutor, he has been careful to preserve the outward forms of democracy. Although Venezuela was subjected to almost continuous alternations of civil war and dictatorship between gaining Independence in 1821 the overthrow of the dictatorship of Marcos Pérez Jimenez in 1958, since then its people have developed a strong belief in democracy. This has been documented in the Latinobarómetro opinion surveys of the past decade, in which Venezuelans persistently registered more support for democratic institutions than nearly all Latin American countries.

What is "Socialism for the 21st Century"? Vice President José Vicente Rangel, Chávez's chief political operator who was lawyer and spokesman for the guerrilla movement of the 1960s, explained to me that "this is a post-capitalist concept of a republic, a higher form of democracy, on which we are having a very rich dialogue, without dogmatism, catechisms or manuals. This is socialism with freedom and popular participation. Socialism dies when its is imprisoned in a party or government apparatus. We are using our oil to spread the Bolivarian Revolution and to conquer new markets in Latin America and the Caribbean."

Chávez is launching several initiatives, apart from supporting the Cuban economy with large oil shipments in exchange for the services in Venezuela of Cuban doctors, sports instructors and security advisers. Among these initiatives are Petro Caribe and Petro Sul, selling neighbors oil on special terms, and Telesur, a satellite TV station beamed at the Americas. Meeting in Brasília this week with Presidents Nestor Kirchner of Argentina e Luiz Inácio Lula da Silva of Brazil, Chávez launched two more ideas, for a South American Defense Council and for a Bank of the South.

But the most ambitious of all these initiatives is the Gasoduto do Sul, costing \$20 billion and endorsed by the three presidents on Thursday. The 8,000-km. pipeline would cross all of Brazil's huge territory, including the Amazon forest, to run from Venezuela to Argentina. But the project's viability is questioned on two counts. First, money. None of the three countries can finance a pipeline on this scale on their own, nor are they likely to get international financing for it. Second, Brazil and Argentina already have abundant gas reserves either in production or coming on stream. Argentina has plenty of gas, which is scarce now because Kirchner insists on a depressed price to producers and refuses to adjust utility tariffs to compensate for devaluation of the Argentine peso in the 2002 financial crisis.

Chávez has been criticized increasingly for devoting too much attention to spreading his revolution abroad while neglecting Venezuela's problems. In a statement reminiscent of the May 1957 pastoral letter by Archbishop of Caracas Rafael Arias that preceded the overthrow of the Pérez

Jimenez dictatorship eight months later, the Venezuelan Bishops' Conference protested against "ample and profound corruption in diverse areas, expensive `solidarities' abroad, the deterioration of our institutions and the decline in the quality of life caused by the accelerated increase of poverty and insecurity....The image that today synthesizes many improvisations, omissions and manipulations is the collapse of diverse works of highway infrastructure, public sanitation and education throughout the country." In his weekly television program "*Aló Presidente*," Chávez said the bishops' statement was "plagued by lies" and called Venezuela "the most solid democracy of the continent."

2. Public outrage and fear was aroused by the permanent closing in January 2006 of the superhighway that was the only link between Caracas, the 1,000 meter-high metropolis of 4.5 million people, with the port of La Guaira and Venezuela's main international airport at Maiquetia, used by 50,000 cars and trucks daily as the umbilical cord connecting Venezuela with the outside world.

The *autopista*, with two tunnels and three viaducts, was one of the prestige projects of dictator Marcos Pérez Jimenez (1948-58). It was closed because of the threat of collapse of the viaduct closest to Caracas, bridging a huge ravine in the steep, winding 17 km. descent to the Caribbean coast. The massive pillars supporting the viaduct yielded and cracked under the pressure of earth movements dislodged by decades of sewage seepages from the *rancho* squatter settlements on the hills overlooking the highway.

The danger to the *autopista* was first detected in 1987. Since then, the problem was confronted by 18 Infrastructure Ministers under the past five governments; Chávez has gone through six of them in his seven years in power. Two commissions and three public bidding processes, with proposals by several engineering and construction companies, produced no action in a climate of intense rivalry and intrigue.¹ Meanwhile, the highway was made more dangerous by failures of public lighting and frequent armed robberies of night travelers. The only alternative route is the old Caracas-La Guaira road, where travel is impeded by hairpin curves, landslides and banditry.

"Venezuela has no culture of maintenance," Rangel said. "We see this in monuments such as the National Pantheon and the Congress building, which we are trying to fix." The Pantheon is the final resting place of Simón Bolívar, the local aristocrat whom Venezuelans worship as the Liberator of South America.

"For years to come, the collapse of the viaduct will remain a living symbol of the Chávez government's complete failure after seven years in power to complete a single major project to benefit the people and the economy in the long-term," observed the respected newsletter *Veneconomy Weekly*. "The country is literally collapsing physically, and long-term structural damage is being inflicted on the economy."

The closing of the *autopista* is causing enormous dislocation and may cost Venezuela heavily in total output and inflation. It is a symptom of widespread neglect of Venezuela's basic infrastructure, including highways, bridges, ports and the electricity grid. The port of La Guaira and the Maiquetia airport handled 30% of Venezuela's imports, mainly consumer goods, now being shifted to the industrial port of Puerto Cabello, 150 km. to the west. Airline passengers will land at the nearby city of Valencia. From this central region heavy truck and bus traffic will have to reach Caracas across another deteriorated highway and the Cabrera viaduct, which also is in danger of collapse as it crosses a huge swamp. These problems may be compounded by the expected arrival in Caracas of some 60,000 foreign visitors for the anti-globalization World Social Forum, to be held January 24-29 as an annual protest event against the World Economic Forum that week in Davos, Switzerland.

As Venezuela's infrastructure deteriorates, Chávez is using huge oil revenues to make dramatic gestures to win support in other Latin American countries. During 2005 the Venezuela spent \$1.6 billion to buy Argentine government bonds. "We have no limits," Finance Minister Nelson Merentes told the Buenos Aires newspaper *El Clarin*. "We always evaluate the market but we are disposed to buy any time the Argentine government asks us."ⁱⁱ

Meanwhile, Chávez neglects to provide Venezuela's public hospitals and clinics with basic supplies. At the Leonardo Ruiz Pineda public health station in Caracas's 23 de Enero housing project, a base of Chávez's popular support, there are no X-ray plates, no chemicals for lab tests, no wooden sticks for throat examinations and no medicines. A staff of 40 employees sees only 50 patients a day. The 20,000 Cuban physicians and sports instructors living and working in poor communities, in the *Barrio Adentro* program, have produced a big propaganda impact, both inside and outside Venezuela. But these Cuban doctors are trained to handle only the simplest ailments. Patients with more serious complaints or injuries are sent to join the long lines at public hospitals.

"The problem at our hospitals is the volume of patients and the high levels of criminality," said one Venezuelan doctor. Venezuela has the highest rate of gunshot murders per 100,000 population, surpassing Brazil, among 57 countries studied by UNESCO. The murder rate tripled in the decade to 2003, after which the government stopped releasing homicide statistics. "On one night eight men come in with bullet wounds in their thorax," the doctor said. "But we have only four tubes to drain their lungs, so the other four die. We lack gauze, sutures, disinfectant liquids and surgical gloves. Our hospital has a tomography machine, but nobody to operate it."

The decline of Venezuela's public health system is a story going back four decades. "The system of public health stations and hospitals worked fairly well, with big improvements during the oil bonanza of the 1970s, but it deteriorated fast after the currency devaluation of 1983 [known as Black Friday] after the oil price fell," said Angel Rafael Oriuela, a former Health Minister. "With the devaluation, shortages began that continue today. Public health spending fell from \$175 per capita in 1978 to \$60 in 1993. Public health statistics began to stagnate and even decline in some areas. The problem was compounded by corruption. Supplies were not stolen by employees, as some people say. It was worse. Salaries were paid for non-existent employees. Union leaders signed receipts for goods sold at inflated prices without bidding but never delivered."

The most powerful symbol of the collapse of Venezuelan public administration is the twin towers of the Centro Simón Bolívar, another megaproject of the Pérez Jiménez dictatorship, which housed several ministries as a key feature of the Caracas skyline in the 1950s and 1960s. Since then the towers fell into ruin as most of the ministries fled and the towers were stripped by looters of air conditioners, window casings, marble facing of their lobbies and corridors and the bronze doors and handrails of their elevators and stairwells. Meanwhile, the public areas of the towers were colonized by street sellers (*buhoneros*) who installed their own urinals and luncheonettes, paying city officials for use of the space.

The crumbling of the Caracas-La Guaira *autopista*, the public health system and the towers of the Centro Simón Bolívar are symptoms of a deep malaise in Venezuelan society, aggravated by the impact of surging oil revenues on weak institutions, which preceded Chávez's rise to power in 1998 but which he has done little to address and repair. His ambitions are focused elsewhere, on the international scene, but he ignores the growing disorder at his peril. Confronting this malaise demands a large-scale mobilization for which the opposition is unprepared, lacking ideas, conviction and contact with the mass of poor people. As yet, there are no heroes in this story.

ⁱ Carlos Subyaga O., "La verdad sobre el viaducto," *El Universal*. Caracas, January 13, 2006.

ⁱⁱ Quoted in Victor Salmeron, “Comprarán más bonos argentinos,” *El Universal*. Caracas, January 11, 2006.