

# **The crisis in Venezuela**

**understanding the causes, assigning blame and suggesting solutions**

El Libertario editorial collective

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While we are still suffering from the impact of the problems which had intensified towards the end of 2009, such as the fraudulent ‘Bolibourgeois’ bankers and the ongoing malaise throughout public services, a host of measures recently undertaken by the government signal a bitter start to 2010 for Venezuela. Firstly, there was the implementation of a bulky devaluation, sure to increase inflation and submerge a large sector of the population in misery. Next came the announcement of electricity rationing throughout Greater Caracas – as had been the *de facto* case in the rest of the country – only to subsequently be suspended due to the uproar and conflict it caused, but now pending its reintroduction when the conditions are more permissive. Let us, therefore, start with a brief synopsis of the characteristics of the current crisis:

**The Bolibourgeois bankers’ fraud:** the last decade has been an era of bonanza and great fortune for the financial sector, thanks to generous subsidy from the state, whose traditional monetary policy has done nothing but work for their benefit. It is precisely because of this that the sector became the focus of rapacious speculation on the part of the Bolibourgeoisie (Fernández Berrueco, Zambrano, Arné Chacón, Pedro Torres Ciliberto and the rest of the gang), leading to its unabashed pillaging, with the public support of its official supervisors such as the Banking Superintendent and the National Values Commission (*governmental organisation which oversees national capital, similar to the Department for Business, Innovation and Skills in the UK – translator*), encouragement that eradicated any sort of nostalgia for Caldera’s (*Chávez’ rightwing predecessor – trans.*) government and the financial crisis of the 90s, not to mention the previous eras of speculation and con tricks within the banking sector.

**The macro-devaluation:** this is a measure taken at the demand of the International Monetary Fund (IMF), who publically applauded it. It’s a part of the classic neoliberal prescription that is administered by the IMF, who granted the Venezuelan state a loan in 2009. Through inflation, the devaluation will favour the financial sector and international investments in the country, while inevitably slashing workers’ salaries in real terms. The President subsequently announced – as a palliative – an increase of the national minimum wage by 10% for 1 March and then 15% more for 1 September. This decision, however, is derisory and ultimately debunks the myth that our minimum wage is the highest in Latin America: it will decrease by 62.3% with the fall of the Bolívar, due to the fact that 55% of all goods and services are acquired at the so called “petrol dollar” rate (4.3BsF/US\$1).

The official excuse is that it will make the national economy more competitive, and therefore overcoming its ‘rentier’ history; the sort of foolish assertion that could only be accompanied by an unfettered capitalist agenda. A media spectacle has been organised in order to provide a distraction, with the governmental institutions in charge of consumption attempting to convince us that what is happening is a spiral of speculation, rather than inflation. At the same time, certain business sectors have accepted the devaluation but haven’t responded, either due to having an accumulation of goods, or merely being slow. The opposition – in both its rightwing and social democratic forms – has restricted itself to characterising the measure as an attempt to increase liquidity for electoral purposes. They are right in this, of course, but they fail to acknowledge its real motivation, being – as it is – a condition put in place in order to favour capital and the state.

There is also another pernicious event to consider, in relation to the manipulation of the exchange rate, administered by the Currency Administration Commission (*Cadivi in its Spanish initials – trans.*). Cadivi has seen various cases of corruption, such as the example of the Micro Star business, in which Eligio Cedeño and Gustavo Arráez, both Bolibourgeois, ended up being embroiled. These fraud cases are nothing but a continuation of a trajectory of clientelist democ-

racy in this area, more so since Cadivi bears the legacy of the sadly-remembered Recadi (*Cadivi's predecessor – trans.*) from the 80s.

**The electricity problem:** the electricity crisis emerged as a sequel to the lack of maintenance of the production and distribution plants, as well as the failure to invest in the 29 thermoelectric plants required as a response to the increase in demand, of which five have been completed and only three are in operation (to partial capacity). Moreover, the Planta Centro (the largest thermoelectric plant in the country) has been abandoned, and the proposed four dams in Alto Caroní – in the south of the country – were never built. These projects have been fertile ground for corruption and idleness, yet the government attempts to excuse their problems with reference to the meteorological phenomenon of El Niño, a hypothesis that has been roundly dismissed by experts. Meanwhile, the country has to endure sacrifice in indefinite power cuts (with the exception of Greater Caracas, for the moment), improvised suspension schedules, irreparable damage to the electrical equipment and the paralysation of other services (health, education, telecommunications, etc) and human loss, all generated by the negligence of the state.

## **The developmentalist, extractive and rentier capitalist model has failed!**

What is going on is a definitive demonstration of the inadequacy of the model implemented after 23 January, 1958 (*the date of the coup against military dictator Pérez Jiménez – trans.*), continued by the current government despite its supposed objective of “breaking with the orientation towards *puntofijismo*” (*the practice of encouraging an oil-reliant economy, the staple of Venezuelan politics since Pérez Jiménez' toppling – trans.*). The state has prioritised the export of fossil fuel energy; we have been desperately dependent on oil due to the demands of a globalising economy. Of every US\$100 exported in the last year, \$93 have come from hydrocarbons. PDVSA has become a financial collection centre, even with reduced production and more seriously, its partial compromise due to its enormous debts. Coal extraction continues in Zulia state, despite being an environmental disaster, representing an aggression against the Wayuu, Barí and Yukpa peoples. The integration of Venezuela into the IIRSA (Infrastructural Integration of the South American Region) is a test of the ability of *chavismo* to submit to the dictates of international power. Equally, the permanent vacillations with Colombia over the Proyecto Mesoamérica (previously known as the Plan Puebla Panamá), in which gas from the two South American countries would be delivered to southern and western US via Mexico and Central America, demonstrates the current regime's collaborationist intent as concerns international capital, and simultaneously, an offensive disinterest in preventing the planet's destruction.

The productive sector is at its most limited due to unemployment, which is massaged in official figures thanks to the “labour flexibility” instrumented by the state, which contracts workers for a few, scarce months in order to give the impression of generating work. Agriculture is bankrupt despite the stridency given to the redistribution of lands, the supposed endogenic development and dietary self-sufficiency promoted by official propaganda. If we add to these vicissitudes the high crime levels, inflation, lack of housing, the deterioration of public health and the growing demand for private policies in public sector contracts, we can conclude that the government is absolutely incapable of resolving its most fundamental problems.

## **Faced with disaster, let's construct alternatives from below!**

The continuation of democratic populism – installed with the fall of Pérez Jiménez – has been guaranteed by Hugo Chávez, who, with a charismatic and messianic leadership style, has tried to preserve himself with a symbiosis of populism, militarism and Stalinism. Following the decadence of the *adeca-copeyana* era (*the 40 years between Pérez Jiménez and Chávez, in which two parties – the social democratic ADE and the Christian democrats of COPE – dominated national politics – trans.*), starting with Black Friday in 1983, continuing with the *caracazo* of 1989 and the attempted coups of 4 February and 27 November 1992, the military figure emerges like a ring to the finger of established power, for whom a military leader has been of use for more than a decade now. However, we reckon that this particular *caudillo* is now on the descent owing to his woeful administration, bringing with it the subsequent loss of governability. Just like what happened in the case of Carlos Andrés Pérez (who was sacrificed when there was a decline in his leadership), it's possible that both national and international interests will prepare his successor, as has always been the case in Venezuelan politics. Of course, this will be neither easy nor without conflict, for the political parties and other forms of portioning power that are offered by the social democrat and rightwing opposition only confront Chávez with a view to assuming control of Venezuela and the rent of its oil. They have no positive responses to the needs and demands of the popular majority.

With ourselves at such a difficult juncture, the alternative is certainly not to be found within the electoral circus that will be offered to us this year (*parliamentary elections are due to be held in November time – trans.*), but in the development of popular social networks, self-organisation and the autonomy of society's various sectors, with their own agendas and struggles. We call for the organisation of manifestations of the genuine desire to be free and equal in every possible space, in solidarity with base-level, independent organisations of workers, women, peasants, indigenous, the young, the cultural sector and all who find themselves socially excluded, in order to begin the search for the emancipation of our society.

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