

Venezuela on the Brink

March 7, 2019



The troops gathering on the borders between Venezuela and Brazil and Colombia are no less threatening to Venezuela because they claim to be protecting a 'humanitarian convoy'. And Richard Branson's concert simply provides another cover to conceal the real purposes behind this so-called aid. Donald Trump, and his neoconservative aides John Bolton and Mike Pompeo, have no concern for the welfare of Venezuela's people - any more than their predecessors did in Libya, Rwanda and countless other examples of fraudulent mercy missions that were concerned only with a search for power and control. How credible can this operation to 'rescue' Venezuela be when it coincides with a demand to spend six billion dollars on a wall to deter impoverished immigrants from travelling north in search of work?

The crisis in Venezuela is real - despite Nicolás Maduro's hypocritical insistence that everyone in Venezuela has food and medicine to meet their needs. But the purpose of this military operation is not to address the crisis - beyond a few photo ops of lorries full of supplies. It is to *use* the crisis to regain control of the country's huge mineral resources. Venezuela, we should remember, has the world's largest untapped oil reserves, not to mention untold mineral, gas, water, diamond and other undeveloped resources. Venezuela's oil was taken back into state ownership by Hugo Chávez in 2005, seven years after he was elected to the presidency in 1998. Something like half a million barrels a day were and still are sold to the United States by the Venezuelan state oil corporation PDVSA via US subsidiary Citgo. Trump's sanctions are now withholding that revenue.

The potential wealth that lies beneath Venezuela's surface is the prize that Trump and his special friends in the multinational energy sector are seeking. The weaknesses of the Venezuelan state offered an opportunity to recover that profitable investment - and the promise of Juan Guaidó is that he will deliver it. The central plank of Hugo Chávez's Bolivarian revolution was to reclaim oil revenues for the state and spend them for the benefit of the majority. That enraged the bureaucracy of a Venezuelan state that had shared those profits among themselves while the lion's share returned to the home base of the multinational corporations who extracted, refined and sold it. Washington's hostility to Chávez began when Chávez ended that comfortable 40-year arrangement.

There are other purposes behind Trump's intervention. One is political - to finally crush the spirit that brought progressive governments to power in Latin America during the 'pink tide' of the early 21st century, and thus to reinforce the reactionary wave that has taken power in Chile, Argentina, Colombia and particularly in Brazil with the advent of the neo-fascist Bolsonaro.

The other objective, barely mentioned in the current reporting, is imperialist rivalry. Once, in the nostalgic dream conjured up Trump's 'Make America Great Again' rhetoric, Latin America was the US's 'backyard', its wealth feeding the economic growth of the US at the expense of the populations of the southern republics. Today, the US is not the only vulture hovering over those resources. Over the last 20 years, China has become a major investor and provider of loans to Latin America and especially the pink tide governments. Its total investment in Venezuela is worth \$60 billion; the loans, principally for the construction of public housing, are repaid in oil. Chinese multinationals are also investing in extractive industries, oil and mining under extremely favourable conditions. Russia, too, has seen Venezuela as a staging post in its expansion plans in the region. It is not only heavily investing there; it is also providing arms to Venezuela through a recent Military Assistance Agreement. Imperialism is the enemy of the Venezuelan people - but it speaks a number of languages. In addition to its other troubles, Venezuela is now also an arena for inter-imperialist competition. What all the powers involved have in common is a strategy for the exploitation of Venezuela's resources and those of Latin America more generally; none of them have any humanitarian aims.

Appearance and reality

In the confrontation between two presidential claimants, Guaidó and Maduro, neither represents the interests of the mass of Venezuelans.

Juan Guaidó was a virtually unknown Venezuelan politician until 23 January this year. He is the President (or Speaker) of the National Assembly - a post which, by mutual agreement, rotates between the various right-wing parties that together hold a majority in the Assembly. It is not a directly elected post - though that is never mentioned in reports about him. He is also a member of Voluntad Popular (People's Will), the furthest right of the parties of the opposition coalition ill-named the Forum of Democratic Unity (MUD) - its members are unable to agree on anything beyond their opposition to Maduro. Curiously, Voluntad Popular claims to belong to the Socialist International, which led some in the Labour Party to describe it as 'a sister organisation'. In reality, it is not a social democratic organisation, but a reactionary grouping that backed the violent street barricades that erupted onto the streets of Venezuela between 2014 and 2018, leaving a toll of destruction and death. It is also the party with the closest links to Washington. Its founder and leader Leopoldo López has been in detention for the last four years, but his wife was a frequent visitor to both Obama's and Trump's White House, as well as touring right-wing European parties. One consequence of Guaidó's sudden prominence will be to add weight to Voluntad Popular's claim to head an opposition in which it has been a minority force until now.

The current National Assembly was elected in December 2015 with 63% of the popular vote. The result was wholly unexpected by the Maduro regime. It was all the more significant because the result did not reflect a rightward shift, but the abstention of two million *chavista* supporters. It was a protest against the gathering crisis and, as is now clear, a prelude to the devastating current situation. At that time there were already shortages of basic goods, a crisis in the health service and declining production, as well as huge price rises. Maduro had won the presidential election in April 2013 after Chávez's death, but with a majority of less than 1% over his right-wing opponent, Henrique Capriles. While the loyalty to Chávez was undeniable among the majority of the population, Maduro's relentless exploitation of his predecessor's popularity (he ran and reran Chávez's speeches throughout the campaign and claimed the dead president sat on his shoulders) did not enable him to repeat Chávez's 60% majority in the ballot. The Assembly vote came just two years later and marked a further decline in his support. The explanation lay not only in the deepening economic crisis, about which he did nothing at all, but also in the character of his regime, which was becoming increasingly centralised, authoritarian and corrupt, and in which the military were playing an increasing role. The state political organisation - the United Socialist Party of

Venezuela (PSUV) - acted as an instrument of power, distributing rewards, jobs and favours in exchange for loyalty on the one hand, and acting to control and contain local discontents on the other.

The roots of the Maduro state, however, lay in the Chávez period. In 2006, having won his second presidential election by an increased majority, Chávez announced on his weekly television programme the creation of a new party - the PSUV. It would be, he promised, a mass socialist party, democratic in its structures and accountable to its membership. Nearly six million joined in a matter of weeks. Yet what emerged was not a party fulfilling the promise enshrined in the 1999 Bolivarian Constitution of Venezuela, which asserted that the new Bolivarian Republic would be a participatory republic in which the people would be the subjects of the process (*'democracia participativa y protagonista'*). Within weeks it became clear that it was a party modelled on Cuba's Communist Party, which was anything but democratic or participatory. It was a highly centralised, top-down structure, in which the role of the grass roots was simply to acclaim and carry out decisions taken by the leadership.

Chávez's last document was his Economic Plan for 2013-19 (the *'Plan de la Patria'*). In his preface Chávez acknowledged that he had failed to transform the notoriously corrupt Venezuelan state or advance his much proclaimed 'socialism of the 21st century'. His governments had not undermined the bourgeoisie nor broken its mechanism of power - the state. It was now time, he argued, to 'pulverise the bourgeoisie' (his words) and carry out a *'golpe de timón'* (a 'turning of the tiller' of Venezuelan politics in a new direction). In fact, what had happened was that far from state and public institutions becoming subject to control from below, and the system of clientelism and patronage being replaced by accountable institutions, the creation of the PSUV had had the opposite effect. The mass organisations were brought under centralised control and absorbed into the state. The massive state budget and the high oil revenues coming into the country up to 2012 while oil prices remained high produced a new bureaucracy, which claimed socialist credentials and used revolutionary rhetoric, while in reality enriching itself, embezzling state funds, and building a state apparatus to protect its own interests. Many *chavista* leaders, a majority of whom came from working-class and lower middle-class backgrounds, became very rich very quickly. Chávez's death and Maduro's election gave them control of the *chavista* state. The many dedicated, committed socialists who gave their time and energy to carrying the *chavista* 'process' forward were increasingly marginalised and silenced.

When the right wing won the National Assembly elections in 2015, Maduro's reaction was immediate. He declared a state of emergency and ruled through presidential decrees (*'leyes habilitantes'*), bypassing the Assembly from then on. The right wing's only demands were the removal of Maduro and the release of Leopoldo López - their only other policy was, in line with Maduro's own ambitions, to increase oil production.

The state under Maduro

In his public appearances Maduro always appears surrounded by the military. It is an accurate reflection of the nature of the state he heads. The discourse he uses is full of references to revolution and socialism, and denunciations of imperialism. He still claims the mantle of Chávez, whose promise was to challenge neoliberalism, throw off the chains of dependency, and diversify the economy - using oil revenues to develop domestic industry as well as to create the foundations of a welfare state. His victory challenged a forty-year regime, based on corruption, which had commonly responded with violence to any challenge to its power.

In 2005, Chávez announced the implementation of '21st-century socialism' in Venezuela. In the aftermath of an attempted coup in April 2002, which failed because of the mass mobilisation of poor

and working-class Venezuelans in support of him, the Bolivarian revolution moved in a more radical direction, redistributing oil revenues through social programmes and nationalising some enterprises (their owners were paid compensation) but also supporting organs of power at the grassroots. The creation of the PSUV in 2006 claimed to continue and deepen that process, but the reality was that it represented the opposite of participatory democracy. It was a command structure – ideally suited as it proved to Maduro’s strategy. The new state bureaucracy constituted itself as a ruling class, whose political instrument was the PSUV, a top-down structure that distributed favours and fragments of power, and a great deal of money, in return for loyalty. The 2015 election result was a warning from the mass social base of *chavismo*; the response was to strengthen the mechanisms of control and repression, and to concentrate both political and economic power in the hands of the ruling elite.

This new layer – the ‘*Boliburguesía*’ as it came to be called – colluded with the Venezuelan capitalist class, while denouncing it in its public rhetoric. The stand-off with the Assembly after 2015 did not affect the currency speculation both groups were massively engaged in; it did not prevent the pillaging of PDVSA as the public sector descended into a spectacular decline. The street barricades continued, it is true; but so too did the meetings between Maduro and leading members of the capitalist class, including the wealthiest of them all, Lorenzo Mendoza of the Polar Corporation. As the oil price fell, and with it the country’s export income, rising inflation – soon to become hyperinflation – affected the majority. Dollars could buy anything – bolivars bought less and less. Goods disappeared from the shops for long periods. Food, building materials, car parts, the absent medicines and drugs reappeared on a black market. The profits were enormous and unaccountable. The main pharmacy chain in Venezuela Farmatodo, for example, was owned by a leading *chavista*; The shelves in its Venezuelan branches were empty. But as I discovered on a visit to Bogotá, their branches in Colombia had every form of medication freely available. That was just one of many examples.

Yet neither the National Assembly nor Maduro did anything to address the deepening crisis that Venezuelans were facing. No genuine price controls, no attempt to stem the haemorrhage of funds through the exchange system, no anti-corruption measures that were anything other than rhetoric. As the formal economy ceased to exist, corruption oiled the wheels of the black market economy. Loans to the state, whether from China or other external sources, disappeared without trace; public spending contracts generated huge ‘commissions’ – or bribes as we might call them – which could involve anything up to 40% of the total. One fund – Fonden – for housebuilding was financed by China, but published no accounts of its spending; there were some fifty others that operated in the same secret way. Odebrecht, the Brazilian engineering firm that spent \$1.3 billion in bribes across the region before it was exposed, was one of the main infrastructure contractors in Venezuela as well as Cuba.

In 2016, the direction that Maduro was taking became startlingly clear, when he announced the Arco Minero project. The Arco Minero covers the Orinoco River Basin and surrounding area, and includes part of the Amazon Basin. It is roughly the size of Cuba, and covers 12% of Venezuela’s surface area. It is astonishingly rich in oil and minerals including gold, copper, antimony, diamonds, uranium. It is the main source of the country’s fresh water. It is also home to a number of indigenous communities whose rights are recognised and protected by the Bolivarian Constitution. Venezuela’s immense oil reserves are there, but the mineral resources have not been exploited. The mining that did go on there before now was small-scale and artisanal; working conditions were appalling and life was very cheap. Chávez had previously discussed a plan for the region’s development after the Canadian multinational Gold Reserve[1] was expelled from the region, but abandoned it. In his 2016 speech Maduro announced that 150 multinational companies (from various countries) had been invited to develop the region’s resources with a promise of long-term tax relief and the construction of infrastructure at the state’s expense. The Canadian corporation was invited back and its disputed

demand for compensation agreed.

At the same time, it was announced that constitutional guarantees would be suspended and the region placed under military control. Chávez had rejected the plan precisely because of its constitutional implications and the environmental damage that would follow the renewal of mining, and particularly gold mining whose use of mercury had already poisoned so much of the Amazon basin. Maduro now returned to it. He announced at the same time the creation of Cominpeg, a company to be run by the military out of the Ministry of Defence - but independent of state control. It would be given control of Venezuela's mineral resources and parts of PDVSA. There were protests from many quarters, from leading *chavistas* and trade unionists on the one hand, and indigenous communities and environmental groups on the other. Maduro's response was the state of emergency in the area and the tightening of military control. The expulsion of local communities began within weeks.

The significance of this decision was profound. In my view it signalled the reversal of the Bolivarian process. However flawed and unclear it might have been, Chávez's strategy had remained committed to state control of resources and the socialisation of the profits from their exploitation. The Arco Minero project marked the abandonment of that strategy and the privatisation of the nation's extractive industries. It represented the reversal of Chávez's strategy, and a return to dependency on the global market. The political consequences removed any lingering doubt. Half of Maduro's cabinet now came from the military, as did most of the state governors elected in 2017 after a postponed election. The new ruling class Maduro led now directly controlled many key resources and their growing wealth from graft and corruption merged political and economic power. Their instruments were patronage and corruption, the PSUV - and repression.

The deepening economic crisis was blamed on an 'economic war'. Temporary schemes to hide the crisis included corruption commissions that did nothing, and the CLAPS (Local Committees for Supply and Production), a scheme to deliver basic food parcels to poor districts. These were administered through the PSUV; non-members received nothing, and even those who were eligible were often asked to pay, or found their parcels plundered, when and if they arrived at all. The food parcels simply entered the circuit of corruption. The creation of a '*Carnet de la Patria*' (National Card) meant, in effect, a loyalty card to the regime. Without it, citizens could not collect any social benefits. Thus the million or so state employees, plus PSUV members and activists, could be relied upon to cheer Maduro to the rooftops at rallies and televised events. Repression, on the other hand, was represented by the cynically named Organisations of Popular Liberation (OLPs) who conducted 'anti-drug trafficking operations' in the poor areas. The death toll of young men rose dramatically - but the trafficking continued. In reality the state was running interventions favouring some traffickers over others. The OLPs have now been replaced with a more honestly named force, the FAES (Special Forces), who today are leading the controls at the borders.

I watched footage from the bridge between San Cristóbal and Cucuta in Colombia, where the US has marshalled the trucks carrying its 'aid'. It is blockaded by armed Venezuelan troops. I couldn't help but remember the information I had been given a year or two earlier about the number of Venezuelan army lorries passing across the same bridge day after day carrying contraband into Colombia.

Whose crisis is it?

Maduro has denied that there is a crisis in Venezuela in his television interviews for the BBC and Spain's *La Sexta* channel. The crisis is real, the hunger is deepening and the lack of medicines has had consequences we can only imagine, though we know that infant mortality is rising and that malaria, a disease once eliminated, has returned to Venezuela. The government ceased to publish

any data in 2013.[2]

What are the real dimensions of the crisis? Inflation is set to pass the one million percent mark this year. To translate that into real terms, it means that a monthly wage will buy a tray of eggs, or a packet of disposable nappies (if either can be found). According to the World Health Organisation 61% of the population went hungry in 2017 and Venezuelans suffered an average weight loss of 11 kilos. And that was in 2017. At the same time, industrial production and GDP declined by 45% for 2013-18. Their products were replaced (if at all) by imports, which meant yet another bonanza for importers who bought their dollars from the Central Bank at a low official rate of exchange and then charged for their goods in bolivars at a black market exchange rate a hundred or even a thousand times higher. At the same time, oil production was falling below two million barrels a day, largely due to corruption, mismanagement and lack of maintenance of facilities. The pickings were huge.

The bourgeoisie gathered around Guaidó may claim to have an alternative to offer. But their only demand is for the state to return to their control. Under Chávez and under Maduro they have disinvested from production to invest in the currency speculation industry by becoming importers. Between 2003-13 imports by the public sector increased by 1033%. Imports in general rose in the same period from \$14 billion to \$80 billion – 70% of those imports were supposedly for industry, yet as we have seen, industrial production has declined catastrophically over these years. Yet in 2018 Minister of Industry Tareck El Aissam announced that one-third of the national budget would be allocated as credits to the private sector. The picture could not be clearer. In a recent article, John Pilger noted that ‘the restaurants in Caracas are full’. That is true and revealing. But who in Venezuela does he imagine eats in restaurants – and does he think they pay their bills on bolivars?

The leading revolutionary activist Roland Denis describes the Venezuelan state as ‘utterly corrupt and living on a revolutionary history transformed into an increasingly clumsy and false religious discourse’. If it has survived, this is for several key reasons. First the creation of an authoritarian state structure administered by a new ruling class that has merged economic, political and military power. That ruling class is committed to reintegrating into a global market as a provider of oil. Secondly, the residue of loyalty to Chávez is still strong and reinforced by a system of patronage. But for an increasing majority life is lived on the edge of the abyss. The third factor is the ineptitude and political weakness of the opposition, which has at no stage offered any policy addressing the economic crisis. If it has emerged now, it is only as a surrogate for US interests in the region, which reflect those of the Latin American right and European capital.

The demonstrations called by Guaidó have attracted massive support. It should be clear, however, that that is not a reflection of political support for the right. The marches also attracted many among the working class and the poor who are very clear about the interests that Guaidó represents. They are not anti-*chavista*, but they are bitterly critical of Maduro and the bureaucratic-military class that rules Venezuela today.

When Maduro was elected to the presidency in August, it was with with the endorsement of a Constituent Assembly he had called earlier in the year. Unlike the 1999 Constituent Assembly, which wrote the new Constitution, and whose delegates were elected after widespread public debate, the 2018 Assembly was filled with unelected delegates placed by Maduro and the PSUV. It was an exercise in organised propaganda, not an example of popular democracy in any sense. In the presidential election in August, Maduro won 32% of the electorate – that is, 48% of those who voted. In his last election before his death, Chavez won 62% of voters; in just over five years since his election, millions of *chavista* voters had abandoned Maduro. In the last two years, three million people (dismissed by one of the leaders of the state, Diosdado Cabello, as mere ‘followers of fashion’) have fled the country – and they are not by any means just the middle class. The presence of the Special Forces at the borders is suggestive. But more suggestive still is the fact that at no

time has Maduro developed strategies to address hunger, or the mounting violence and lawlessness, or the health crisis, let alone the corruption of which he and his family are also beneficiaries. Last August, once re-elected, he announced that there would be a plan, a solution to the crisis. No plan has yet emerged nor policies that might lead to one. But the internal repression has intensified.

What is to be done?

Neither Guaidó nor Maduro have anything to offer the mass of Venezuelans. They are rival factions battling for the profits from oil and the huge benefits that come from corruption. Guaidó has no real social base; the demonstrations are not expressions of support but manifestations of desperation on the one hand, and of the other of rage at the betrayal of a revolution. It is a confusing situation. But the confusion has been intensified by a left outside Venezuela which has accepted and supported Maduro as he sold off the revolution to the highest bidder. Looked at from his point of view, the issue is the survival in power of himself and the profiteers around him. Looked at from the point of view of the Venezuelan working class, which is the only position from which socialists can address the current situation, there is nothing to choose between Guaidó and Maduro. And there seems to be an impasse given the armed forces' support (until now) for him. The armed forces are defending their hold on political and economic power. With characteristic cynicism the right are offering amnesty for the military - that is, impunity for their economic crimes in exchange for abandoning state power to them. The dilemma for socialists is what the alternative is or should be.

The Bolivarian Revolution was carried to power by mass support of Venezuela's poor and working class. Their mobilisation and grass roots activism both saved Chávez from the coup of 2002 and built the resistance to the subsequent attacks from the opposition. Their capacity for independent action was the only guarantee of the participatory democracy that Chávez had promised. The creation of the PSUV in 2006 changed that, absorbing those grass roots organisations into the state and disarming and demobilising them. Those organisations barely exist today; but the memory of the experience of mass involvement does still remain. In the medium term, the task must be to rebuild those organisations, and to build solidarity for any and every manifestation of popular, mass resistance that arises - like the recent strikes of nurses, teachers and state employees. To continue to argue for solidarity with a corrupt, authoritarian state that cynically claims revolutionary credentials is to undermine any possibility of a re-emergence of struggle from below.

Our solidarity should be with the Venezuelan people, exposing the lie of 'humanitarian intervention', calling for the immediate withdrawal of all troops from Venezuela's borders. We should be clear where the responsibility for the crisis lies, both external and internal. Solidarity must defend the rights of the Venezuelan people to determine their own future, and contribute to rebuilding their capacity to exercise that right against all imperialisms, against the right across the region and beyond, and against a corrupt ruling class that has profited from their desperation. If there is any form of military intervention, the masses will respond in defence of that right, and the role of solidarity will be clear.

In the immediate term, the Committee for the Defence of the Constitution, which includes leading *chavistas* from the past, Trotskyists, indigenous and environmentalist movements among its number, has called for a referendum as allowed by the constitution, which would test the attitude of the majority to new elections. It is a limited and inadequate response, but there is no revolutionary upsurge on the horizon. A referendum will at least provide an opportunity for Venezuelans to show that neither Maduro nor Guaidó speak for them, and it will unmask the hypocrisy of both camps. What kind of socialism can it be that does nothing about the hunger and needs of its people and sends trained thugs to fire on them? Beyond empty calls for revolution now, it is hard to imagine any other immediate alternative. But the international left cannot allow itself to continue to provide an alibi for a corrupt ruling class, nor allow it to discredit the idea of a socialism whose most

fundamental sense is the struggle to build a just future free of exploitation, corruption and fear.

[1] It may surprise people that Canada joined the Lima Group in supporting Trump, who has shown very little affection for Canada. The explanation is that Canada is a major player in the Latin American mining sector. See: Todd Gordon and Jeffery Webber, 'Imperialism and resistance: Canadian mining companies in Latin America', *Third World Quarterly*, 29:1 (2007), 63-87.

[2] In the absence of any available official data I have relied on the carefully researched economic analyses of Manuel Sutherland, a young Venezuelan Marxist. He has recently been fired from his job at the state's Bolivarian University.