



Extract of International Viewpoint - online socialist magazine

<http://www.internationalviewpoint.org/spip.php?article4984>

Venezuela

# Seven keys for understanding the current crisis

- IV Online magazine - IV508 - May 2017 -

Publication date: Friday 19 May 2017

## Description:

It is not possible to understand the current crisis in Venezuela without analysing the factors that develop "from within" and are not entirely explained by the mainstream media. We offer here seven keys to the current crisis, emphasizing that understanding what is happening in Venezuela requires taking foreign intervention into account and being aware that the concept of "dictatorship" neither explains the Venezuelan case nor is a regional specificity of this country. We suggest that the social contract, the institutions and the frameworks of the formal economy are breaking down and that the future and the political definitions of the current situation are being crumpled by force, through a number of informal mechanisms, exceptions and subtleties. We propose that the shared horizon of the two ruling party blocs is neo-liberal, that we are faced with a historical crisis of Venezuelan rentier capitalism and that communities, popular organizations and social movements are facing a progressive undermining of the social fabric.

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Venezuela's treatment by the international media is certainly special. Undoubtedly there are too many distortions, too much Manichaeism, too many slogans, too many manipulations and omissions.

Beyond the stupefying versions of media newspeak that interprets everything that happens in the country in the key of "humanitarian crisis", "dictatorship" or "political prisoners", or the heroic narrative of the Venezuela of "socialism" and "revolution" that interprets everything that happens in the country in terms of "economic war" or "imperialist attack", there are many topics, subjects and processes that are invisible and that essentially constitute the national political scene. It is not possible to understand the current crisis in Venezuela without analysing the factors that develop "from within".

The criterion of action and interpretation based on the logic of "friend-enemy" responds more to a dispute between the elites of the political parties and economic groups than the fundamental interests of the working classes and the defence of common goods. It is necessary to provide a comprehensive overview of the process of crisis and national conflict, which helps us plot the coordinates to transcend or deal with the current situation.

We present seven keys to your understanding, analysing not only the dispute between government and opposition, but also the processes that are developing in the political institutions, the social fabric, and the economic networks, while highlighting the complexities of neoliberalism and the forms of government and governance in the country.

## **1/ It is not possible to understand what is happening in Venezuela without taking foreign intervention into account**

The rich and vast array of the country's so-called "natural resources"; its geo-strategic position; its initial challenge to the policies of the Washington Consensus; its regional influence for integration; as well as its alliances with China, Russia and Iran, all give a considerable geopolitical significance to Venezuela. However, there are intellectual and media sectors that continually seek to avoid the very fluid international dynamics that impact on and determine the political future of the country, which highlights the persistent interventionist actions of the government and the power of the United States.

In this sense, these sectors are responsible for ridiculing the critique of imperialism, and present the national government as the sole actor of power at play in Venezuela, and therefore the sole object of political interrogation.

However, since the inauguration of the Bolivarian Revolution there has been much US interventionism in Venezuela, which has intensified and become more aggressive since the death of president Chavez (2013) and the context of the exhaustion of the progressive cycle and conservative restoration in Latin America. It is worth remembering the executive order signed by President Barack Obama in March 2015 which stated that Venezuela was "an unusual and extraordinary threat to the national security and foreign policy of the United States". We already know what has happened to countries that are categorized in this way by the power to the north.

Now, we have the threatening statement of the head of the Southern Command, Admiral Kurt W. Tidd (April 6, 2017), arguing that "The growing humanitarian crisis in Venezuela could eventually compel a regional response". This is combined with the evidence of the aggressive nature of the foreign policy of Donald Trump with the recent bombing of Syria, while the Secretary General of the Organization of American States (OAS), Luis Almagro, together with other countries in the region, intends to apply the Democratic Charter to open a process of "restoration of democracy" in the country.

The ideologues and the media operators of the conservative restoration in the region are very concerned about the state of human rights in Venezuela, but fail to explain in their analysis why, strangely, there is no supranational effort of the same type in the face of the appalling crisis of human rights in countries such as Mexico and Colombia.

In this sense it seems that the moral indignation is relative and they remain silent. It is because, for reasons of political intent or analytical naivety these sectors depoliticize the role of the supranational bodies and are unaware of the geopolitical relations of power that constitute them, that are part of their own nature. While a paranoid reading of all the operations driven by these global bodies is one thing, another very different approach is a purely procedural interpretation of their actions, ignoring the international mechanisms of domination and control of markets and natural resources that have been channelled through these institutions of global and regional governance.

But there is something important to add. If we talk of intervention, we cannot just talk about the US. In Venezuela there are growing forms of Chinese interventionism in the political and economic measures that have been taken, which points to a loss of sovereignty, an increase in dependency on the Asian power and processes of greater economic flexibility.

A part of the left has preferred to remain silent on these dynamics, since it seems that the only intervention that deserves to be mentioned is that of the USA. But both streams of foreign interference are being developed to promote transnational capitalist accumulation, the appropriation of "natural resources" and have nothing to do with popular demands.

## **2/ The concept of "dictatorship" does not explain the Venezuelan case**

From almost the beginning of the Bolivarian Revolution Venezuela has been branded a "dictatorship". This concept remains the subject of extensive discussions in political theory because it has been challenged by the transformations and complexity of contemporary regimes and exercises of power, especially in the current globalized era, which raises serious gaps and imprecisions in its definition.

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"Dictatorship" is usually associated with political regimes or types of government in which all power is concentrated, without limitation, into a single person or group; there is a lack of separation of powers; the absence of individual freedoms, freedom of political parties, freedom of expression; and sometimes the concept has even been vaguely defined as "the opposite of democracy".

The term "dictatorship" has been used in relation to Venezuela in media jargon of a fairly superficial, visceral and moralizing kind, practically to raise it as a kind of specificity in Venezuela, distinct from the other countries of the region, where in theory there would be "democratic" regimes.

The thing is that in Venezuela at the present time it is difficult to say that all power is concentrated in one person or group, due to the fact that in this country we are faced with a map of actors, which, although hierarchical, is fragmented and volatile, especially after the death of President Chávez, with the existence of various power blocs that can link up or be at odds among themselves and that goes beyond the dichotomy between government and opposition.

Although there is a government with a significant military component, with increasing expressions of authoritarianism and with some capacity for centralization, the scenario is highly unstable. There is no total domination from top to bottom, and there is some parity between the disputing power groups. On the other hand, the conflict could spill over, making the situation even more chaotic.

The fact that the Venezuelan opposition controls the National Assembly, winning convincingly by the electoral path, also indicates that rather than a pure absence of separation of powers, there is a dispute between them, until now favourable to the executive-judicial combination. Rather than a homogeneous political regime, we are faced with a wide and conflicting network of forces. The metastasis of corruption means the exercise of power is decentralized even more, making its centralization by the constituted power difficult.

What is relevant to the old Roman concept of dictatorship, is that, in this context, the national government is governing through decrees and special measures in the framework of a declared "state of emergency", which has officially existed since the beginning of 2016. In the name of the struggle against the economic war, the advance of criminality and para-militarism, and the subversive advances of the opposition, many institutional mediations and democratic procedures are being omitted.

Security policies stand out for their severity, exemplified by the Operación de Liberación del Pueblo (OLP - People's Liberation Organization); there are direct interventions by the state security bodies in different parts of the country (rural, urban, suburbs), to "fight the underworld", which tend to lead to a controversial number of deaths; there is the paralysis of the referendum; gubernatorial elections were suspended in 2016 and it is not yet clear when they will be held; there is increasing repression and police brutality in response to the social unrest resulting of the situation in the country; and there is an increase in processes of militarization, especially in the border areas and those declared to contain "strategic natural resources".

This is the political map, which, together with the various forms of foreign intervention, sets the stage for a low-intensity war that runs through virtually all the spheres of everyday life for Venezuelans. This is the framework within which individual freedoms, party opposition and pluralism, the convening and realization of marches, expressions of dissent and criticism in the media, among other forms of so-called democracy in Venezuela, are developing.

## 3/ In Venezuela the social contract, institutions and

## frameworks of the formal economy are being overwhelmed

If there is something that could be defined as a specificity of the Venezuelan case, it is that the current socio-political scenario is torn, deeply corrupted and highly chaotic. We have argued that in this country we are facing one of the most severe institutional crises in all of Latin America, with reference to the set of legal, social, economic and political institutions, among others, that make up the Venezuelan Republic.

The historic crisis of oil rentier model of accumulation, the metastasis of corruption in the country, severe violations to the social fabric from the "neoliberal period" and in particular since 2013, and the intensity of the attacks and political disputes, have overflowed the frameworks of the formal institutions of all areas of society, channelling a good part of the social dynamics by means of informal mechanisms, often underground and illegal.

In the economic sphere, corruption has become a transversal mechanism for distribution of oil revenues, diverting enormous amounts of foreign exchange at the discretion of a few, and undermining the foundations of the formal rentier economy. This occurs in a decisive manner with PDVSA, the main industry of the country, as well as with key funds like the Sino-Venezuelan Fund or a number of nationalized companies.

The collapse of the formal economy has made informality practically one of the "drivers" of the national economy as a whole. The sources of social opportunities, whether for social ascent or the possibility of higher profits, are often in the so-called *bachaqueo* in foodstuffs (illegal trade, at extremely high prices, on the black market) or other forms of trade in the various parallel markets, exchange, medicines, gasoline, and so on.

In the political-legal order, the rule of law lacks respect and recognition on the part of the main political actors, who not only mutually repudiate each other but are willing to do anything to overcome each other.

The national government faces what it considers the "enemy forces" with emergency measures, while the most reactionary opposition groups deploy violent operations of vandalism, confrontation and attacks on infrastructure. In this scenario the rule of law has been greatly eroded, making the Venezuelan people very vulnerable.

Impunity is ever greater, and has spread to all sectors of the population. This leads to corruption becoming even more rooted and impossible to prevent, and means the people expect nothing from the legal system, increasingly taking the law into their own hands.

The collapse of the social contract generates trends of "everybody for themselves" among the people. The fragmentation of power has also helped to generate, grow and strengthen various territorial powers, like the so-called "miners' unions" that control gold mines in Bolivar state by force of arms, or the criminal gangs that dominate sectors of Caracas like El Cementerio or La Cota 905.

The framework presented implies nothing more and nothing less than the future and political definitions of the current situation in the country being developed to a great extent by force.

## 4/ The long-term crisis of Venezuelan rentier capitalism (1983-2017)

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The collapse of the international price of crude oil has been instrumental in the development of the Venezuelan crisis, but it is not the only factor that explains this process. Since the 1980s there are growing signs of exhaustion of the model of accumulation based on the extraction of oil and the distribution of income that it generates. The current phase of increasing chaos in the national economy (2013-present) is also a product of the trends of the last 30 years in the country's economy. Why?

For several reasons. About 60% of Venezuelan crude is heavy or extra-heavy. This crude is economically more costly and requires greater use of energy and the use of further processing for marketing. The profitability of the business that feeds the country is declining with respect to earlier times, when conventional crude prevailed. This is happening as the model requires ever more rentier profits and increased social investment to deal with the needs of a population that is still growing.

The hyper-concentration of the population in the cities (over 90%) promotes the use of profits directed primarily towards consumption (imported goods) rather than production. The boom years promoted the strengthening of the extractive (primary) sector - the effects of the so-called "Dutch Disease" - while significantly weakening the already weak productive sectors. After the end of the boom (as happened at the end of the 70s and now from 2014), the economy was more dependent and even weaker in the face of a new crisis.

The socio-political corruption in the system also makes it possible for leakages and fraudulent diversion of profits, which prevents the development of coherent distribution policies to alleviate the crisis.

The increasing volatility of international prices of crude oil, as well as changes in the global power balances in oil (such as the progressive loss of influence of OPEC) also has significant impacts on the national economy.

While all these economic shocks are affecting the country, ecological resources will continue to be undermined and depleted, which threatens the livelihood of millions of Venezuelans for the present and future.

The government's current solution has been to greatly increase external indebtedness, distribute income more regressively, expand extractivism and favour transnational capital.

To sum up, any of the elites who rule in the coming years will have to face the historic limits that have been reached with the old oil-based model. It is not enough just await a stroke of luck and a rise in oil prices. Momentous changes are taking place and it is necessary to be prepared to deal with them.

## **5/ Socialism? Venezuela is carrying out a process of progressive economic flexibility and adjustment**

Venezuela is developing a process of progressive and sectoralized adjustment of the economy, with more flexibility in comparison with prior regulations and restrictions on capital, and the gradual dismantling of social advances achieved in earlier times in the Bolivarian Revolution. These changes are masked by the name of socialism and revolution, although they represent policies increasingly rejected by the population.

This includes policies such as the creation of Special Economic Zones, which represents a comprehensive liberalisation of parts of the national territory, with sovereignty being delivered to foreign capital which administers practically without limitations in these regions. This is one of the most neoliberal measures of Agenda Venezuela, implemented by the government of Rafael Caldera in the 1990s, under the recommendations of the International

Monetary Fund.

Also we should highlight the gradual relaxation of the agreements with foreign corporations in the Orinoco; liberalization of prices of some commodities; growing issuance of sovereign bonds; devaluation of the currency, creating a floating exchange rate (Simadi); acceptance of some trade procedures directly in dollars, for example, in the tourism sector; or the faithful fulfilment of payment of the external debt and its servicing, which implies a reduction in imports and consequent problems of shortages of basic consumer goods.

A renewed and more flexible extractivism is being adopted, aimed mainly at the new frontiers of extraction, such as the mega-project of the Mining Arc of the Orinoco, which proposes to install mega-mining on an unprecedented scale in a territory of an area of 111,800 km<sup>2</sup>, threatening key resources of life for Venezuelans, especially for indigenous people. These projects add to long-term relations of dependency that are produced by extractivism.

It should be noted that these reforms are combined with the maintenance of some social assistance policies, continuous increase in nominal wages, some concessions to the demands of the popular organizations and the use of a revolutionary and anti-imperialist narrative. This obviously has as one of its main objectives the maintenance of the electoral support that remains.

We are witnessing what we have called a "mutant neo-liberalism", to the extent that forms of commodification, financialisation and deregulation are combined with mechanisms of state intervention and social assistance.

Parts of the left have been very focused on preventing conservative governments coming to power so as to avoid the "return of neo-liberalism". But they forget to mention how progressive governments have also made progress in a number of measures reflecting a mutant and hybrid neo-liberalism profile, which ultimately have an impact on the people and on nature.

## **6/ What alternative? The project of the parties of the "Mesa de la Unidad Democrática" (MUD) is neo-liberal**

The right-wing Mesa de la Unidad Democrática' (MUD - Table of Democratic Unity') is the predominant bloc of party-based opposition to the national government, although a left opposition has been growing slowly and is very likely to continue growing. This critical left, at least in its more defined elements, is not identified with the MUD so does not link with it politically.

The MUD is not a homogeneous block, and there are sectors ranging from influential radical groups of the extreme right - which we could call "Uribistas" - as well as some sectors of moderate conservatism, and elitist liberalism with a certain distributionist tendency. These various groups have a mutually conflictual relationship characterized by possible confrontation and mutual insults.

Despite their differences, the various groups of the MUD agree on at least three key factors: its ideological matrix, the bases of its economic program and its reactionary agenda in relation to the national government and the possibility of a profound transformation of popular emancipation.

We will refer to the first two. Their ideological matrix is deeply determined by neoclassical theory and conservative liberalism, honouring obsessively private property, the end of the "ideology" on the part of the state and corporate and individual freedoms.

These ideological pillars are clearer in the program of this bloc than in its media discourse, where the rhetoric is simplistic, superficial and full of slogans. The synthesis of its economic model is in the "Guidelines for the Program of Government of National Unity (2013-2019)". It is a more orthodox neo-liberal version of oil extractivism, in relation to the project of the current Venezuelan government.

In spite of the slogans of "change" and "productive Venezuela", what stands out is its proposal to extract up to six million barrels of oil per day, placing an emphasis on increasing the quotas of the Orinoco Oil Belt. Although they dispute publicly, the oil proposals of Henrique Capriles Radonski (Petróleo para tu Progreso) and Leopoldo López (Petróleo en la Mejor Venezuela) are twins, and accord with the government's "Plan de la Patria" of 2013-2019. The change demanded is no more than another ratcheting up of extractivism, more profit and development oriented, with the economic and socio-environmental consequences and cultural features associated with this model.

## 7/The fragmentation of the "people" and the progressive undermining of the social fabric

In all these processes of low-intensity warfare and systemic chaos, working people are the most affected. The powerful socio-political cohesion set up in the early years of the Bolivarian Revolution has suffered not only from erosion but a gradual disintegration. But these effects have reached the very core of the tissues of the community in the country. The difficulty in covering the basic requirements of daily life; incentives for the individual and competitive resolution of the socio-economic problems of the people; the metastasis of corruption; the channelling of social conflicts and disputes by force; the loss of ethical-political references and polarization due to the discredit of the political parties; the direct aggression against strong or important community experiences and community leaders from various political and territorial actors; they are part of this process of erosion of the social fabric that aims to undermine the true pillars of a potential process of popular-emancipatory transformation or of the capacities of resistance of the people to the advancement of regressive forces in the country.

Meanwhile, various grassroots organizations and social movements across the country are building an alternative. Time will tell what their capacity for resistance, adaptation and above all their collective ability to articulate among themselves and to exert greater strength on the course of the national political project will be.

If there is an irreplaceable solidarity that should be promoted from the left in Latin America and the world, it must be with this struggling people, which has historically borne the burden of exploitation and the costs of the crisis. Which has frequently risen up and taken to the streets so that its demands are listened to and met. Which is currently facing the complex dilemmas posed by the current times of reflux and regression. This seems to be the true point of honour of the left. The cost of turning away from these popular counter-hegemonies in the name of a strategy of power conservation could be very high.

PS:

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