

CHAPTER 2

CONCEPTUAL FRAMEWORK AND THE RISE OF HUGO CHAVEZ

In this research, four theories – populism, Neoliberal globalization, anti-globalization and Anti-Americanization – will be applied to analyze the topic.

A. Conceptual Framework

1. Populism

In order to understand Chávez's policy, clarification of populism is needed. Populism is the concept that needs to be discussed because of the variety of definitions that are sometimes used to capture its essence.¹ As populism is the contested political concept, there is no mutual agreement on the definition of populism in the academic field.

One defining element of populism is the emergence of a leader, seen as a messianic figure, in whose hands the fate of the nation will be carried.² In the past, populism arose in the context of political crises, when the legitimacy of institutions was not trustworthy and questioned, and the status quo of the political system seemed incapable to respond to the people's demands. Consequently, populist leaders tend to be outsiders to the political ruling elites, appealing to the populace by presenting themselves

¹ Steve C. Ropp, "The Strategic Implications of the Rise of Populism in Europe and South America," working paper (Strategic Studies Institute (SSI), June, 2005), http://www.au.af.mil/au/awc/awcgate/ssi/populism_eur_latam.pdf.

² Vladimir Torres, "The Impact of 'Populism' on Social, Political, and Economic Development in the Hemisphere," *FOCAL* (July, 2006): 4, http://www.focal.ca/pdf/VT_The_Impact_of_Populism.pdf.

as “uncontaminated.” They appeal to meet the need of people and to restore whatever is perceived to be missing: be it honesty, leadership, social justice, national pride, strong-hand against crime-violence and/or political disarray, etc.³ The other defining trait of 20th century populism was nationalism, both as a unifying domestic political tool and as a stance on the international stage.

Back to the past, in the context of the decades of the 1930s and 40s, populist leaders had to respond to the economic challenges of the time: namely distribution of wealth, early industrialization and urbanization, land reform, and self-sufficiency. State social re-distributive policies were based on a paternalist approach, and economic policies inspired by nationalism favored industrial incentives aimed at import-substitution.⁴

Populism is a political issue. It breeds in crises of political representation and is profoundly *antidemocratic*. Populist leaderships emerge outside institutions, and even if they rise to power through them, shortly thereafter proceed to dismantle or erode those that restrict the concentration of power in the leader. One current misrepresentation of the populist movement places emphasis on direct participation – through varying modalities of popular mobilization – as opposed to the limited access – or exclusion – attributed to representative democracy. By presenting itself different than the political establishment, the populist alternative devises “other” mechanisms for participation, usually euphemisms for vertical top-to-bottom control of civil society. The “masses” are at best direct recipients of paternalist benefits from the government, aimed at securing political

³ “The Impact of ‘Populism’,” 4.

⁴ See Appendix 1.

loyalties, whilst channels for real participation – and especially dissent – are systematically closed.

Populism can make its presence felt among any group of ordinary people in any democratic country which is being subjected to stressful forces.⁵ As a result of such stress, this group of people may identify themselves with a leader whom they believe can provide them with more material support which they need, and hope for the better yet to come.

Indeed, the whole dynamic supporting populism relies on the fact that some groups of ordinary citizens do not view the government as legitimately and properly representing their interests. As a consequence, they lose respect for the institutions associated with the representative democracy and are perfectly willing to bypass these institutions when necessary through direct political action. Such direct political action often involves some measures of illegality. It frequently takes the perfectly legal form of using referendums to bypass national institutions.⁶

For there to be populist leaders, there has to be a people of a widespread belief that the social base of society has a collective will, not simply a variety of individual and group interests as in liberalism.⁷ Populism always expresses itself in the form of a direct and unmediated relationship between “*the people*” and “*their leader*”. Populist leaders

⁵ The Strategic Implications, p.44.

⁶ Ibid.

⁷ Sir Bernard Crick, “Populism, Politics and Democracy,” *Democratization* 12, no. 5 (December 2005): 625.

want a direct relationship between “the people” and government.⁸ This leader is typically charismatic – meaning that, he or she can form a direct bond with followers.

In Latin America, populist movements organized their support around core constituents, determined by the specific socio-economic sector where the leadership originated. Thus the military, labor unions or peasants were, in different country situations, the mobilized or mobilizing forces of emerging anti-status movements. Populist leaders have always capitalized on the discontent and aspirations of the traditionally excluded. The “oligarchy” is the usual antagonist, and a strong divisive message of “us” and “them” permeates the entire rationale of the populist arising.

Once in power, the direct connection that populist leaders claim to have with the people translates into bypassing institutional mechanisms, and direct clientelism prevails in the state-citizen relationship. Traditional civil society organizations, political parties in particular, are seen as unnecessary intermediaries to the political process, a hurdle to be cleared or removed in order to restructure the foundations of power. “Rather than citizens, populism aims to create followers.” Hyper-centralization of political power is an unavoidable consequence of the leader’s role as the embodiment of the state functions, the main distributor and benefactor. A further distinction should be made in the sense that as anti-democratic as populism is, such a regime can be sustained without necessarily resorting to dictatorial ruling imposed by force -thus preserving a democratic facade- as long as enough support can be secured through direct government spending.

⁸ “Populism, Politics and Democracy,” 625.

In a nutshell, populism is the political phenomena which can be established through the linkage between “the people” and “the leader.” One major concern for people is their needs and demands. Especially in the democratic system, the representative should represent those demands. If those demands are overlooked, people will pave the way out. As a result, people will support the new leader who they are certain will represent their demands. In line with this process the legislative process will be paid less attention and be less insignificant as long as the leader can provide and represent what they need.

2. Neo-liberal globalization

Globalization – the widening, deepening, and speeding up of worldwide interconnectedness – is a contentious issue in the study of world politics. The hyperglobalists argue that globalization is bringing the demise of the sovereign nation-state as global forces undermine the ability of governments to control their own economies and societies. Contrasting to the hyperglobalists, the skeptics reject the idea of globalization as ‘globaloney’ and argue that states and geopolitics remain the principal forces shaping world order. Another view, the transformationalists argues that both the hyperglobalists and skeptics exaggerate their arguments and thereby misunderstand the contemporary world order.

While the transformationalist perspective does take globalization seriously it acknowledges that it is leading not so much to the demise of sovereign state but to a globalization of politics: to the emergence of global politics in which the traditional

distinction between domestic and international affairs is no longer valid. Under these conditions ‘politics everywhere, it would seem, are related to politics everywhere else’ such that orthodox approaches to the study of international relations – which are constructed upon this very distinction – provide at best only a partial insight into the real nature and functioning of the current world order.⁹

Globalization is the driving force of epoch-defining changes in the nature of societies and economies across the world, resulting in the creation of an interdependent system. This notion of globalization has become a part of everyday discourse in academia and among policymakers. It serves as a point of reference and a framework of ideas for the analysis of macro and micro socioeconomic developments and of the process that gave rise to them.¹⁰

Globalization, according to its advocates, has ushered in a new era of late or post-capitalist development, the economic and political dynamics of which have become focal points of a broad range of studies from diverse perspectives. So entrenched has this notion of globalization become that even its many critics have succumbed to the suggestion that “the process is inevitable and thus inescapable in its effects.”¹¹

Like populism, globalization also has various interpretations up to the school of thought. Though in this paper I will focus on the Neoliberal perspective of

⁹ John Baylis and Steve Smith, *The Globalization of World Politics: An Introduction to International Relations*, 3rd ed. (UK: Oxford University Press, 2005), p.20.

¹⁰ Henry Veltmeyer, *Globalization and Antiglobalization: dynamics of change in the new world order* (USA: Ashgate Publishing Company, 2003), p.11.

¹¹ *Ibid.*, p.15.

globalization and emphasize the economic aspect as it will be suitable to prove the hypothesis.

From a Neoliberal perspective, globalization is an economically driven process that should proceed on first principles of private property and uninhibited market forces. Regulation should have as its primary function to facilitate and protect private ownership and the “free” operation of supply and demand among producers and consumers. Other economic rules and institutions are “political interferences” that undermine market efficiency and should therefore be reduced to a minimum. With a combination of *privatization, liberalization and deregulation*, globalization should bring maximum prosperity, liberty, democracy and peace to the whole of humankind.¹²

Neoliberal doctrine has exerted a powerful hold on governing circles during the past quarter-century of accelerated globalization. Faith in free markets has formed the core of the so-called *Washington Consensus* on policies for the global economy. The strength of Neoliberalism has been such that its champions could seriously invoke the TINA clause of “*there is no alternative.*”¹³ “The Washington Consensus claims that global Neoliberalism and core finance capital’s economic control of periphery and the entire world by means of the IMF and WTO are the only realistic alternative to misery and disaster.”¹⁴

¹² Jan Aart Scholte, “The Sources of Neoliberal Globalization,” working paper code PP-OC-8 (UNRISD Overarching Concerns, Geneva, October, 2005), p.1.

¹³ Ibid., p.1.

¹⁴ William K. Tabb, “After Neoliberalism?,” *Monthly Review* 25, no. 2 (June 2003), <http://www.monthlyreview.org/0603tabb.htm>.

In many ways the Washington Consensus paralleled the idea of Neoliberalism, that is, free trade in goods and services, free circulation of capital, and freedom of investment. For Neoliberals, “the public sector must be brutally downsized because it does not and cannot obey the basic law of competing for profits or for market share.”¹⁵ Alonging with Neoliberal ideas, the International Monetary Fund (IMF) imposes structural adjustment programs which sought to privatize government industries and services, slash government spending, and promote exports.

One basic idea of Neoliberalism is to “shrink the size and role of government, rely on market forces to distribute resources and services and integrate poor countries into the global economy.”¹⁶ In essence, Neoliberalism advocates maximum and efficient exploitation of the world’s resources, including labor, raw materials, and markets. Under structural adjustment, countries are obliged to remove obstacles to encourage foreign investment and force governments to orient their economies to produce exports, “typically produced by or sold to multinationals.” Neoliberalism then is similar to the idea of globalization, which has stressed a trade-liberalized planet. Many Neoliberals have adopted the saying of former British Primer Minister Margaret Thatcher, who once remarked famously the “there is no alterative” to global capitalism. This slogan is frequently abbreviated as “TINA”, as stated above.

¹⁵ Nikolas Kozloff, Hugo Chávez oil, politics, and the challenge to the U.S. (USA: Palgrave Macmillan, 2006). p.37.

¹⁶ Ibid., pp.37-38.

Therefore, Neoliberalism rests on economism and marketism, as achieved through the process of privatization, liberalization and deregulation. These two premises and three attendant policies are elaborated in succession below.¹⁷

2.1 Economism and Marketism

On the first point, Neoliberalism has an economic worldview at its core. The doctrine regards globalization as being basically an economic process – a question of the production, exchange and consumption of resources. Neoliberal policy making therefore rests on economic analysis above all other understandings of globalization. Cultural, ecological, geographical, political and psychological aspects of globality are generally approached as functions of economies. Indeed, Neoliberalism tends to treat economies in isolation from other dimensions of social relations.¹⁸

Reflecting the economism of Neoliberalism, regulators of trade, finance and industry have held pride of place in policy making around contemporary globalization. Among global governance organizations, for instance, the International Financial Institutions (IFIs), the World Trade Organization (WTO) and the Organization of Economic Co-operation and Development (OECD) have overshadowed agencies such as the International Labor Organization (ILO) and the United Nations Educational, Scientific and Cultural Organization (UNESCO) on questions regarding management of globalization. Moreover, the majority of arrangements that have developed over recent decades in the context of accelerated globalization have had a predominantly economic

¹⁷ “The Sources of Neoliberal,” 7.

¹⁸ Ibid.

focus.¹⁹ Within states pursuing Neoliberal policies, Ministries of Finance, Industry and Trade have generally gained importance over the Departments of Foreign Relations, Military Affairs and Social. In civil society across the world, business associations and economic research institutes have exercised far more influence than human rights advocates and religious groups.

Neoliberalist moves to install purportedly apolitical technocracy have also been widely evident in the management of accelerated globalization during the past quarter-century. Across the world, governments have distanced central banks from direction by elected officials, allegedly to “depoliticize” monetary policy, leaving this important management to “independent” technical experts. In contrast, fiscal policy remained largely in the hands of elected politicians, although governments have often pushed through unpopular decisions on taxation and expenditure with reference to purported economic imperatives of global competition.²⁰

Neoliberalism focuses not just on economics, but also on economics of a particular kind, namely laissez-faire market economics. In another words, from a Neoliberal perspective the global economy should be a free and open market. Production, exchange and consumption of resources should unfold through forces of supply and demand. In Neoliberal eyes, the role of the public sector in the economic sphere is to “enable” rather than to “do.”²¹ Multilateral institutions, national governments, and local

¹⁹ “The Sources of Neoliberal,” 7.

²⁰ Ibid.

²¹ Ibid., 8.

authorities exist to provide regulatory frameworks that maximize the efficiency of global markets, such as securing property rights and enforcing local contracts.

The ascendance of laissez-faire market economics over the past decades of accelerated globalization is evident. From their position among global governance bodies, the FIFs, the WTO and the OECD have resolutely promoted a free market framework. Most regional agreements in the globalizing economy have aimed to advance toward a common market for their part of the world. At the national level, most governments across the various continents have espoused liberal market principles as the center pillar of their approach to the global economy.²²

2.2 Privatization

To effect marketization, much economic policy in recent times of globalization has taken the form of privatization production and exchange processes.²³

Privatization occurs when public authorities hand over policy implementation to private actors. It is often argued that competitive tenders will yield higher efficiency outcomes and/or better levels of service than could be obtained through public agencies. Privatization has spread not only at the state level, but also in the so-called public-private partnerships of regional and global institutions, including several UN agencies like the United Nations High Commission for Refugees and the World Health Organization.²⁴

²² “The Sources of Neoliberal,” 8.

²³ Ibid.

²⁴ Ibid., 8-9.

In other instances of privatization, the public sector has retreated from certain economic provisions, leaving a void for market mechanism to fill. Thus, many countries have seen reductions in state pensions, unemployment payments and other social insurances. Individuals have then been directed to market-based arrangements to make what provisions they can for themselves.²⁵

2.3 Liberalization

Next to privatization is liberalization, the removal of officially imposed restrictions on movements between countries of goods, services, money and capital. By Neoliberal prescriptions, regulatory authorities should be reduced and preferably eliminated altogether – trade barriers, foreign exchange restrictions and controls on flows of direct and portfolio investments.²⁶ In principle, liberalization should also extend to cross-border movements of labor. In practice, however, proponents of Neoliberalism have rarely pushed for open migration. Inconsistencies and double standards abound in the execution of Neoliberal trade policy. Powerful states have often jealously guarded protectionist measures in some sectors such as textiles while aggressively demanding uninhibited market access abroad in other sectors such as pharmaceuticals. As seen in history, even if free trade in contemporary globalization has been an ideology of the strong, the principle has attracted widespread followings and brought about many concrete policy changes.

²⁵ “The Sources of Neoliberal,” 9.

²⁶ Ibid.

2.4 Deregulation as Reregulation

Deregulation, has also pervaded economic policies across the world during contemporary globalization. To be sure, deregulation has not in this context meant no regulation. On the contrary, Neoliberalism emphasizes the need for laws and institutions that uphold markets and promote their efficient operation. Therefore neoliberal deregulation has only prescribed the removal of those rules and procedures that allegedly interfere with market dynamics, damage incentives and compromise efficiency. Such measures include wage and price controls, subsidies, fixed exchange rates, a number of taxes and fees in business, and progressive taxation of personal income.

In addition, Neoliberal logic has motivated various changes in labor legislation to allow greater flexibility in employment practices. Similarly, Neoliberalism has urged limitations on environmental controls when these measures negatively affect a country's global competitiveness. Removal of bureaucratic red tape for business has been another favorite Neoliberal cause. In a word, then, Neoliberal deregulation has involved a shift from state interventionism toward market-enabling governance. In this sense then, it would be more precise to speak of "reregulation" rather than deregulation.²⁷

Like privatization and liberalization, deregulation has been promulgated across all spheres of contemporary governance – global, regional, national, provincial and local. Deregulation measures have been the basis of structural adjustment programs promoted through the IFIs as well as government initiatives. Of course, much market-inhibiting

²⁷ "The Sources of Neoliberal," 10.

regulation remains in place. However, a general world trend toward market-facilitating regulation has unfolded in tandem with recent decades of accelerated globalization.²⁸

This brief summary of Neoliberalism, of course, simplifies the picture of contemporary policies toward globalization. Governance institutions have in practice pursued marketization through privatization, liberalization and deregulation in different ways and to different degrees – and not without some retreats and contradictions. Yet underneath the diversity and complexity has been considerable consistency in terms of prevailing policy trends of the world as a whole. Since the end of the Cold War, Neoliberalism has had nothing approaching an equal in the way that we manage contemporary globalization.²⁹

B. Anti-Neoliberal Globalization

Anti- Neoliberal globalization is the term most commonly used to describe the political stance of people and groups who oppose Neoliberal policies of globalization.

Supporters point out that by the late twentieth century, those who were characterized as “ruling elites” sought to harness the expansion of world markets for their own interests; through the combination of the Bretton Woods institutions, multinational corporations. This process could be referred to the so-called “globalization” or “globalization from above.”³⁰ In reaction, various social movements emerged to

²⁸ “The Sources of Neoliberal,” 10.

²⁹ Ibid.

³⁰ *Answer.com Dictionary Online*, s.v. “Anti-globalization,”
<http://www.answers.com/topic/anti-globalization>.

challenge these economic influences and have been labeled as “anti-globalization” or “globalization from below.”³¹

Members of the anti-globalization movement generally advocate anarchist, socialist, social democratic or Eco-socialist alternatives to Neoliberal economics, their goal being to protect the world's population and ecosystem from what they believe to be the damaging effects of globalization.

In light of the economic gap between rich and poor countries, adherent of anti-globalization claim “free trade” will actually result in strengthening the power of industrialized nations.³²

Activists point to the unequal footing and power between developed and developing nations with the WTO and global trade, most specifically in relation to the protectionist policies towards agriculture in many developed countries. These activists also point out, that heavy subsidization of developed nations’ agriculture, and the aggressive use of export subsidies by some developed nations to make their agricultural products more attractive on the international market, is a major cause of the decline in the agricultural sectors of many developing nations.

Moreover there is also argument that the U.S. has a special leverage in the global economy because of dollar hegemony. These claims state that dollar dominance is not just a consequence of U.S. economic superiority. Consequently, through this view, sometimes Anti-Neoliberal globalization is equated as Anti-Americanization.

³¹ *Answer.com Dictionary Online*, s.v. “Anti-globalization,”
<http://www.answers.com/topic/anti-globalization>.

³² Often termed the “North” in opposition to the developing world's the “South”.

Some see the movement as a critical response to the development of Neoliberalism, which is widely seen to have commenced with Margaret Thatcher's TINA and Ronald Reagan's policies toward creating laissez-faire capitalism on a global scale by promoting the liberalization of countries' economies and the weakening of trade and business regulations.

C. Anti-Americanization

“The image of America as essentially evil and corrupt was widely taken up and parroted by American intellectuals in the 1950s and 1960s. More and more, anti-Americanism became a necessary badge of authenticity for writers and intellectuals.”³³ “Anti-Americanism is a disposition or sensibility rather than a substantive set of beliefs or arguments.”³⁴ Anti-Americanization is opposition or hostility to the people, culture or policies of the United States. In practice, a broad range of attitudes and actions critical of or opposed to the United States have been labeled anti-Americanism. Thus the applicability of the term is often disputed. Interpretations of anti-Americanism have been often been polarized. Anti-Americanism has been described as a belief that configures the United States and the American way of life as threatening at their core.³⁵

³³ Roger Kimball, “Anti-Americanism Then and Now,” in *Understanding anti-americanism its origins and impact at home and abroad*, edited by Paul Hollander, (USA: Ian R. Dee publisher, 2004), p.239.

³⁴ Brendon O’Connor and Martin Griffiths, *The Rise of Anti-Americanism* (USA: Routledge, 2006), p.1.

³⁵ *Wikipedia Encyclopedia Online*, s.v. “Anti-Americanism,” <http://en.wikipedia.org/wiki/Anti-Americanism>.

“The use of the term anti-Americanism has been catalogued from 1948, entering wide political language in the 1950s.”³⁶ “The related term “Americanization” (which is thought often to elicit anti-Americanism) has been dated to a French source as early as 1867.”³⁷ Labeling earlier attitudes and commentary “anti-American” is thus partly a retroactive exercise, though there are numerous examples of hostility directed at the country from at least the late 18th century onwards.

Definitions of the term anti-Americanism have been much debated. German newspaper publisher and political scientist Josef Joffe suggests five classic aspects of the phenomenon: reducing Americans to stereotypes; believing the United States to have an irremediably evil nature; ascribing to the U.S. establishment a vast conspiratorial power aimed at utterly dominating the globe; holding the United States responsible for all the evils in the world; and seeking to limit the influence of the United States by destroying it or by cutting oneself and one's society off from its polluting products and practices.³⁸ Other advocates of the significance of the term argue that anti-Americanism represents a coherent and dangerous ideological current, comparable to anti-Semitism.³⁹ Anti-

³⁶ Phillipe Roger, *The American Enemy: The History of French Anti-Americanism* (USA: University of Chicago Press, 2005), <http://www.press.uchicago.edu/Misc/Chicago/723682.html>.

³⁷ Barry Rubin, “Understanding Anti-Americanism,” in *E-Notes*, Foreign Policy Research Institute (20 August 2004), <http://www.fpri.org/enotes/20040820.west.rubinb.antiamericanism.html>.

³⁸ Walter Russell Mead, “Through Our Friends' Eyes -- Defending and Advising the Hyperpower,” *Foreign Affairs* (May/June 2006), review of Josef Joffe's, *Überpower: The Imperial Temptation of America*, <http://www.foreignaffairs.org/20060501fareviewessay85311a/walter-russell-mead/through-our-friends-eyes-defending-and-advising-the-hyperpower.html>.

³⁹ Andrei S. Markovits, “European Anti-Americanism (and Anti-Semitism): Ever Present Though Always Denied,” *Jerusalem Center for Public Affairs*, no. 21 (August, 2005), <http://www.jcpa.org/phas/phas-markovits-05.htm>.

Americanism has also been described as an attempt to frame the consequences of U.S. policy choices as evidence of a specifically American moral failure, as opposed to what may be unavoidable failures of a complicated foreign policy that comes with superpower status.⁴⁰

Since the founding of the United States of America, anti-Americanism has existed in different forms and for different reasons. Some anti-American views derive from ideological resistance to American values and culture. Other views are expressions of group identity, racism, and xenophobia. Still other anti-American sentiments are reactions to the policies of the United States government.

Anti-globalist sentiments stem from perceptions that the United States was the inspiration and architect for globalization and neoliberal free trade policy. Those opposed to it claim it exploitative and leads to conditions that either impoverish or do not enrich developing nations.

In Latin America, anti-American sentiment has deep roots dating back to the 1830s and the Texas Revolution. Other significant 19th century events which led to a rise in anti-American sentiment were the 1846-1848 Mexican-American War, in South America, the 1855 American intervention in Nicaragua, the U.S. support for the 1954 coup in Guatemala against Jacobo Arbenz Guzmán, the United States embargo against Cuba, the 1964 Brazilian coup d'état, Operation Condor, the 1973 Chilean coup d'état, the Salvadoran Civil War, the support of the Contras and the refusal to extradite a terrorist. All of these events fueled anti-Americanism in that region. Similarly, U.S. support for

⁴⁰ Robert Kagan, *Of Paradise and Power: America and Europe in the New World Order* (USA: Alfred A. Knopf, 2003), p. 25.

dictators such as Augusto Pinochet, Anastasio Somoza, Alfredo Stroessner influenced regional attitudes. Fidel Castro, the revolutionary leader of Cuba, has continuously tried to co-ordinate long standing South American resentments against the USA through military and propagandist means.⁴¹

The perceived failures of the Neoliberal reforms of the 1980s and the 1990s intensified opposition to the Washington Consensus, leading to a resurgence in support for Pan-Americanism, support for popular movements in the region, the nationalization of key industries and centralization of government.⁴² America's tightening of the economic embargo on Cuba in 1996 and 2004 also caused resentment among South American leaders and has prompted them to use the Madrid based Iberian Summit as a meeting place rather than the American dominated OAS. One of the most vocal of these leaders has been Hugo Chávez of Venezuela, who is known for his strong opposition towards the American government, particularly George W. Bush, driving him to address him in many ways; referring to him as "the devil" before the United Nations.⁴³ He has clearly stated his intent to use Venezuela's oil resources as a card "*against the toughest country in the world, the United States.*"⁴⁴

⁴¹ *Wikipedia Encyclopedia Online*, s.v. "Anti-Americanism,"
<http://en.wikipedia.org/wiki/Anti-Americanism>.

⁴² Jorge G. Castaneda, "Latin America's Left Turn," *Foreign Affairs* (May/June, 2006), <http://www.foreignaffairs.org/20060501faessay85302/jorge-g-castaneda/latin-america-s-left-turn.html>.

⁴³ Tucker Reals, "Chávez Calls Bush 'The Devil' in U.N. Speech Accusing U.S. Of Pillaging The World," *CNBCnews*,
<http://www.cbsnews.com/stories/2006/09/20/world/main2025874.shtml>.

⁴⁴ Justin Blum, "Chávez Pushes Petro-Diplomacy," *Washington Post*,
<http://www.washingtonpost.com/wp-dyn/content/article/2005/11/21/AR2005112101800.html>.

D. The Rise of Hugo Chávez

In the beginning of the twentieth century, Venezuela was considered an unlikely candidate for political crisis and economic turmoil. Comprised with vast energy resources, and unburdened by the serious ethnic, regional, or cultural divisions which has complicated the governance in many parts of Latin America, Venezuela enjoyed relative stability and prosperity.

In 1958, following seven years of dictatorial rule under General Marcos Perez Jimenez, two prominent Venezuelan political parties agreed to present a minimum common program to voters and respect the results of presidential election. The result was a “pacted democracy” that effectively permitted the two powerful political parties in Venezuela – the Democratic Action Party (AD) and the Christian Democrats (Political Electoral Independent Organization Committee, or COPEI) – to trade turns occupying the presidential palace. By managing and containing political competition, pacts among leading parties and interest groups created state-led industrialization, particularly in Venezuela’s all-important oil sector.

“In an effort to stabilize oil prices, Venezuela helped spearhead the founding of the Organization of the Petroleum Exporting Countries (OPEC) in 1960. Between 1973 and 1987, oil prices and profits soared, thanks in no small part to the effects of the Arab oil embargo. Expanding financial resources derived from taxes and royalties charged to foreign oil companies fueled the creation of an extensive government bureaucracy.”⁴⁵

Over time, however, Venezuela democracy became corrupted, undermining popular support for the establishment because the AD and COPEI parties enjoyed privileged access to state resources, welfare benefits became increasingly concentrated among well-organized urban workers affiliated with these political parties. Consequently, popular trust in the political system diminished.⁴⁶

A decline of the international oil prices in the early 1980s made it difficult for Venezuela government to sustain the patronage networks and social programs underpinning political stability in the country. “By 1988, Venezuela’s current account deficit had reached 9.9 percent of gross domestic product (GDP), inflation had reached 30 percent, and net international reserves were negative \$6.2 billion, official Venezuelan estimates placed an overwhelming majority of Venezuela’s 19.5 million people in either relative or critical poverty.”⁴⁷

Stemming the increasing financial pressures, the government of Carlos Andres Perez enacted a series of unpopular structural adjustment measures, introduced with the

⁴⁵ Richard Lapper, “Living with Hugo: U.S. Policy Toward Hugo Chávez’s Venezuela,” Council Special Report No. 20 (November 2006): 6, <http://books.google.com/books?id=ILoCV50T4nwC&printsec=frontcover&dq=Living+with+Hugo+:+U.S.+Policy+Toward+Hugo+Ch%C3%A1vez%E2%80%99s+Venezuela#PPP2,M1>.

⁴⁶ Ibid.

⁴⁷ “Living with Hugo,” 6-7.

support of the International Monetary Fund (IMF). Increases in bus fares, prompted by cuts in subsidies on domestic petrol and diesel in February 1989, triggered massive riots in which hundreds of people lost their lives. “The “Caracazo,” as the tragic events came to be known, increased popular discontent and made it easier for nationalist and left-wing groups to win support. Lieutenants Colonel Hugo Chávez led one such group inside the Venezuelan armed forces, and stepped up plans to seize power through a coup d’état. The coup came to fruition in February 1992, and although the plot was unsuccessful, Chávez rose to national prominence as a result of a brief televised speech delivered shortly following his arrest.”⁴⁸

While in prison between 1992 and 1994, Chávez began to reconsider *golpismo* (a belief in the effectiveness of coups d’état) and by 1996 had decided to pursue his political ambitions through electoral processes. “With support for traditional parties dissipating and political disenchantment with the establishment growing, Chávez enjoyed a meteoric rise. After barely figuring in early opinion polls, Chávez won by a landslide in the December 1998 presidential election.”⁴⁹ On February 2, 1999, Chávez took office, pledging to overhaul the constitution, eliminate the corrupt two-party model, and increase anti-poverty incentives (Bolivarian Missions).

Once in office, Chávez immediately deployed army units to assist poverty reduction and infrastructure projects. Simultaneously, the president clamped down on previously negligent tax collection practices for foreign oil companies. But the emphasis in his first year in office was preparation of a new constitution. In June 1999,

⁴⁸ “Living with Hugo,” 7.

⁴⁹ Ibid.

Venezuelans elected members of a new constituent assembly, and by December 1999 a radically reformed constitution was approved by popular referendum. The popularity of the new constitution's bold social agenda aided the reelection of Chávez in June 2000 and assumed the victory of many Chávez allies in legislative elections that same year. Meanwhile, world oil prices slowly began to climb, relieving fiscal pressures and allowing Venezuelan authorities to expand community assistance program.⁵⁰

In order to understand more about Venezuela's leader, Hugo Chávez, some of his background must be looked at. The question lies; who is Hugo Chávez and at what is he capable of?

E. Who is Hugo Chávez

President Hugo Rafael Chávez Frías was born in 1954⁵¹ in a rural town called Sabaneta in Barinas State. Both his mother and father were schoolteachers working in small out-of-the-way towns and villages, and raising their large family in humble circumstances.

Chávez turned seventeen with the dream of becoming a professional baseball player. He enrolled in the military academy hoping it would help launch a big-league pitching career. The baseball career never worked out. Chávez did graduate as an officer in the Venezuelan military and go on to do postgraduate work in political science at Simon Bolivar University.

⁵⁰ "Living with Hugo," 7-8.

⁵¹ Chesa Boudin, Gabriel Gonzalez, and Wilmer Rumbos, *The Venezuela Revolution* 100 question - 100 answers (USA: Thunder's Mouth Press, 2006), p.1.

“On February 27, 1989, President Carlos Andres Perez ordered the army to fire on unarmed civilians protesting his economic policies, in what became known as the *Caracazo*. The order led to the deaths of thousands of civilians, though the exact numbers and circumstances are still disputed. In the year that followed, there were an average of 4.5 protests per day across Venezuela, and in 1992 Chávez answered the call of these protests by leading an unsuccessful coup attempt.”⁵²

The Lieutenant-Colonel Chávez was just thirty-seven years old when became nationally known, in a brief, seventy-four-second television appearance. In the wake of the failed coup, he said:

“Comrades, the objectives we set for ourselves have not been possible to achieve for now – “*por ahora*” – but new possibilities will arise again, and the country will be able to move forward to a better future...I alone take the responsibility for this Bolivarian military uprising.”⁵³

He encouraged his comrades to give themselves up to avoid further bloodshed. The fact that he had taken responsibility for the failed coup, and his use of the words “*por ahora*,” made him a national hero. “Chávez defines himself as a Christian, an anti-imperialist, a nationalist, and a leftist.”⁵⁴

⁵² The Venezuela Revolution, p.1.

⁵³ Ibid., p.2

⁵⁴ Ibid., p.8.

Since winning the presidential election in 1998, Chávez has become the most powerful political figure in Venezuela. Chávez's personality, ideas, and actions have aroused both deep sympathy and profound controversy as the country becomes more and more politicized. "Chávez presents himself as the champion of the poor, and is widely accepted as such by the poor. His skills as an orator and political strategist have earned popular support for the peaceful Bolivarian Revolution in spite of the ongoing attacks from the political opposition, who accuse him of being a demagogue with authoritarian tendencies."⁵⁵ Moreover his autocratic and megalomaniacal tendencies have undermined governance and the democratic process in Venezuela.⁵⁶

Even before Chávez's presidency in 1998, "he was explicit in describing his views about petroleum. "*Oil is a geopolitical weapon,*" he declared, "and these imbeciles who govern us don't realize the power they have, as an oil-producing country."⁵⁷ "Lately Chávez has been talking about a "revolution within the revolution," about "transcending capitalism" and about "building a socialism for the twenty-first-century."⁵⁸

Chávez's political project has been an eclectic blend of populism, nationalism, militarism, and, most recently, socialism, combined with a "Bolivarian" emphasis on South American unity.⁵⁹

⁵⁵ The Venezuela Revolution, p.2.

⁵⁶ Michael Shifter, "In Search of Hugo Chávez," *Foreign Affairs* 85 no. 3 (May/June, 2006): 46.

⁵⁷ Nikolas Kozloff, *Hugo Chávez oil, politics, and the challenge to the U.S. (USA: Palgrave Macmillan, 2006)*, p.7.

⁵⁸ Christian Parenti, "Hugo Chávez and Petro Populism," *The Nation Magazine*, April, 2005, http://www.thirdworldtraveler.com/South_America/Petro_Populism_Venez.mtml.

⁵⁹"In Search of Hugo," p.47.

Chávez has no need to be modest about his country's economic leverage. "Consider: Venezuela is home to the western hemisphere's largest conventional oil reserves, estimated in 2004 at 77.8 billion barrels. The figure dwarfs the United States, which only has 22 billion in reserves. Through bargaining and maneuvering Chávez has worked to achieve a higher price for oil through the Organization of Petroleum Exporting Countries (OPEC), the oil cartel of which Venezuela was a founding member. With oil prices hovering at about \$59 a barrel in 2005, Chávez remains awash in cash and wields considerable economic and political influence throughout his country and Latin America."⁶⁰

Since President Chávez was elected, significant groups within the national and international opposition have claimed that Venezuela no longer has a democratic government. Even before Chávez won the 1998 presidential election, the media, opposing political parties, cultural and social elites, and the church all expressed their fear that if he were to win the election Venezuela would quickly transform from a democracy into a dictatorship. They argued that Chávez had all the markings of a dictator in the making, including his military background and his leading participation in the 1992 failed coup d'état. That 1992 coup attempt was neither the first nor the last in Venezuela's tumultuous political history.

Venezuela spent more than half of the twentieth century under the rule of dictatorial regimes – those of Juan Vicente Gomez (1908-1935) and Marcos Peres Jimenez (1948-1958). This political legacy, very much in the living memory of millions

⁶⁰ Hugo Chávez oil, p.7.

of Venezuelans, make the idea of dictatorship all the more real and ominous, contributing to heightened fears of anything that might threaten the continuation of formal democratic rule. “Chávez’s political adversaries have continually manipulated these fears, especially through their ownership and control of print, TV, and radio news – despite the fact that he came to power and has stayed in power through democratic national elections.”⁶¹

In summation, to Chávez’s most ardent backers in Venezuela and among the international left, Chávez is a hero driven by humanitarian impulses to redress social injustice and inequality – problems long neglected by a traditional political class intent on protecting its own position while denying the masses their rightful share of wealth and meaningful political participation. Chávez is bravely fighting for Latin American solidarity and standing up to the overbearing United States. With charisma and oil dollars, he is seizing an opportunity to correct the power and wealth imbalances that have long defined Venezuelan and hemispheric affairs. To his opponents – the embattled domestic opposition and many in Washington – Chávez is a power-hungry dictator who disregards the rule of law and the democratic process. He is on a catastrophic course of extending state control over the economy, militarizing politics, eliminating dissent, cozying up to rogue regimes, and carrying out wrong-headed social programs that will set Venezuela back. He is an authoritarian whose vision and politics have no redeeming qualities and a formidable menace to his own people, his Latin American neighbors and U.S. interest.⁶²

⁶¹ The Venezuela Revolution, p.3.

⁶² “In Search of Hugo,” 46.