

Venezuela: Jacobin Fascism Defends Dying Neoliberalism

by David Ramonet

Venezuelan President Hugo Chávez Frías has launched his new year with plans to take on the growing opposition to his post-modern fascist “revolution.” For three years the Venezuelan economy, maintained exclusively with surplus oil income, has moved steadily down the Argentine path of self-destruction. But contrary to Chávez’s “leftist” rhetoric, he is not readying such necessary protectionist measures as debt moratorium or exchange and capital controls. Rather, he is preparing to deploy mobs organized from among his impoverished followers against any expression of discontent or dissidence. Chavez’s goal is to impose a plan, contained in 49 recently decreed laws, which appears to be taken straight from the pages of the World Bank’s “Brandt Commission,” or from the radical ecologists sponsored by such oligarchic bankers as Teddy Goldsmith and his World Social Forum.

During Chávez’s three years of government, the guiding principle behind his management of the economy has been strict adherence to International Monetary Fund financial guidelines. He managed to reduce inflation to 12.3% last year, at the cost of a drastic reduction in consumption and private investment. He maintained the exchange rate within the established band, by a slippage of 7.5%, at the cost of a 16.4% increase in imports (\$11.115 billion by September 2001) financed by oil revenues. As a result, the operating reserves of the Venezuelan Central Bank have fallen, and the government has had to tap into the resources of the Investment Fund for Macroeconomic Stabilization (FIEM), in order to maintain the exchange rate, now under pressure.

Last year, only 32% of industrialists invested in fixed capital, and then only to replace equipment and not to improve productive capacity. Unemployment has remained at an official 14%, but “informal,” or disguised unemployment, has already surpassed 50% of the active labor force. To try to alleviate this situation, the government has continued to mispend public treasury funds, derived primarily from the oil industry, on all sorts of “micro” projects—from “micro-credits” to “microbusinesses,” as the World Bank recommends. Meanwhile, the only sacred expenditure has been regular payment on the foreign debt.

However, the main opposition to Chávez has been unable to respond to this spreading chaos with a viable economic alternative.

Laws of Discord

Throughout 2001, there were all sorts of protest demonstrations against the Chávez government—from oil workers, teachers, farmers and ranchers, firemen, doctors, public employees, etc.—in defense of labor benefits. There were also demonstrations by political organizations demanding Chávez’s resignation.

The protests reached a new high on Dec. 10, when virtually the entire nation went on strike: 90% of Venezuela’s various economic strata heeded the call for a National Civic Strike, jointly called by the Federation of Chambers of Industry and Commerce (Fedecámaras) and the Venezuelan Workers Federation (CTV). Various civil and retired military organizations also responded to the unusual strike call, all demanding that the government respect the Constitution, and agree to revise the 49 laws issued under the aegis of the Enabling Law, granted it by the National Assembly a year earlier.

This is the first time in the history of Venezuela that business and labor have joined forces in calling a strike against the national government. It didn’t bother Chávez, however. He announced he felt “honored that the oligarchy struck against me.”

What finally led to the strike was the approval of the 49 laws, on which the national business community and various civil organizations insisted they were never consulted. Chávez’s “Bolivarian Constitution” supposedly requires such consultation, as part of the “participatory democracy” that the Chávez government vociferously promotes.

The laws being challenged are the Lands and Agricultural Development Law, the Fishing Law, the Coasts and Streams Law, the Hydrocarbons Law, and the Public Administration Law. Each of these is based on radical environmentalist and indigenist criteria which make them not only unfeasible, but dangerous.

The Lands and Agricultural Development Law is the flagship of the Chavista “revolution,” and to carry it out, the President has named his brother, Adán Chávez, as Minister of Lands. The law affects “the use of all public and private lands for the purpose of food production,” and holds them subject “to fulfilling the social function of the nation’s food security.” Thus, these lands “must submit to the needs of food production, *in accordance with the food security plans*

established by the National Executive” (emphasis added).

In other words, apart from setting limits on land ownership to eliminate the *latifundio*, as exists in legislation around the world, the law forces landowners “with an agricultural vocation” to produce according to the government’s dictates, or face loss of their property. At the same time, they are required to exploit their land continually, or run the risk of having their land declared “fallow,” and subject to expropriation.

The law also recognizes indigenous “ancestral methods” of cultivating the land, and promotes “research” into these methods. It is here that the law, which reflects the social and economic vision of the Chávez regime, is most similar to the “appropriate technology” schemes promoted by the World Bank’s Brandt Commission during the 1970s and 1980s. The assumption here was that developing countries could not afford the luxury of modern technology, since their first priority was debt payment, not technological development.

Similarly, the Fishing Law encourages primitive rather than industrial fishing methods, to the point that industrial fishing is prohibited in the most productive areas.

The Hydrocarbons Law is the least offensive, since it tends to renationalize the oil industry that had been moving toward privatization under the previous administration. The law tends to concentrate the decision-making powers regarding the budget of the national oil company PdVSA, in the hands of the Executive, while regulating private investment in the area. Many criticisms of the law stem from old neoliberal concepts which have no sense of the real world, after the stunning failure of the “new economy” and the speculative bubble that accompanied it. However, the legitimate criticisms of the law are based on lack of confidence in the Chávez regime’s ability to appropriately administer oil revenues, and fear that PdVSA will be turned into the cash cow for the ruling party.

The Regime Is Wobbling

The Chávez regime has become increasingly unstable since Sept. 11, 2001. Incapable of comprehending the profound changes which have occurred since that date, Chávez has continued to give cover to Colombia’s narco-terrorist hordes, while blindly criticizing measures adopted by the U.S. government in its battle against terrorism.

U.S. Ambassador Donna Hrinak was recalled to Washington at that time, and the State Department officially rejected the Venezuelan President’s statements comparing U.S. bombing of Afghanistan with the terrorist attack on the Twin Towers. Shortly before that, Venezuelan Vice-President Adina Bastidas had given a speech declaring that “WASP culture” was the root cause of terrorism. Since then, certain State Department circles which had been supportive of the Chávez regime began to distance themselves from it.

The internal opposition to Chávez, particularly in neoconservative circles, understands this clearly. The opposition which earlier had felt itself forsaken, has now begun to gather

strength, particularly in light of the severe economic recession that has hit the middle class especially hard, and the growth of unemployment.

President Chávez’s intransigent response to the Dec. 10 strike polarized the political situation even further, provoking divisions within the ruling coalition. On the day of the strike, Chávez threatened to throw the strikers in jail and bring down the “full weight of the law” on them, while shock troops led by Freddy Bernal, mayor of Caracas’s Libertador municipality, hit the streets to smear striking shop windows with “Traitors to the Nation,” and similar slogans. Bernal personally led one of these goon squads, intending to attack Fedecámaras headquarters, but was prevented from doing so by the Metropolitan Police, under orders from Caracas Mayor Alfredo Peña. Peña, a former Chavista, is now a key opposition leader, backed by certain U.S. factions.

None of this has convinced Chávez to backtrack, however. On the contrary, he has denounced the opposition as “destabilizers,” and has accused them of organizing a coup against him, and even his murder. Although he insists that his “revolution” has the backing of the Armed Forces, in his annual message to the Caracas garrison on Dec. 28, he made an unusual appeal to the military not to heed the campaign he said was intended to divide the military institution and overthrow him.

Chávez has also stepped up his fight with the media, especially against the daily *El Nacional* and the TV news chain, Globovisión. On Jan. 7, a mob surrounded the newspaper’s building, trying to occupy it, but was repelled by the Metropolitan Police. Later, the Chávez-controlled National Guard arrived to replace the police, and allowed the hordes to regroup and attack again. Chávez subsequently defended the mob’s right to demonstrate without permits, and threatened to dissolve the Metropolitan Police for daring to “repress the people.”

Chávez’s erstwhile ally Pablo Medina, secretary general of the Patria Para Todos (Fatherland For All) party, thinks that Chávez intends to dissolve the National Assembly and rule with the mob and with the Armed Forces, just as his guru, Argentine Nazi-communist Norberto Ceresole, advised him to do.

On the other hand, Rafael Poleo, the *El Nuevo País* editor who is well connected to both domestic and foreign intelligence circles, predicts that “in the course of the next months, the Chavista regime will collapse and be replaced by a national coalition government, which will try to unite the country around a political agreement to forge an economic recovery based on job promotion.”

But none of the parties or opposition groups have presented, against Chávez’s neofascism, a real alternative program that is not just a simple repudiation of the supposed “Cuban model.” And what Fedecámaras’ economic program represents is nothing more than the Mont Pelerin Society’s failed neoliberal model, whose application over the past two decades has ripped the economy to shreds.