



Venezuelan Socialism: A Political Culture in its way out?

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INTRODUCTION

*Dicen que hace fiestas ruidosas
en la sangre*

*Dicen que te mata con mucha
muerte*

*Dicen que para vencerlo basta
con caminar hacia el sol*

Leonardo Padrón
*Amor toxico*¹

A political culture, as defined by Ebel *et al.*, (1991), consists of the values, attitudes and behaviour of a nation in the political arena, including foreign affairs. It would be good to add “in a particular historical moment”, because as any culture, it evolves; it undergoes gradual changes thanks to the interaction between individuals and society².

In this article it will be argued that the Socialism of the XXIst century implemented by Hugo Chávez in Venezuela since 1999 although, in a sense, a whole new political culture, fits Latin America traditional bet for *caudillos* and Venezuelan typical use of oil in foreign affairs, highlighting that its eventual ending may not change these characteristics of the Venezuelan original political culture.

Venezuelan Political Culture: Caudillos and Oil

Venezuelan history could be written around two words: *caudillos* and oil. For the time of independence and the construction of the Republic in the XIXth century, it would be enough to name the different heroes, leaders and men in power, the different *caudillos* and the color of their flags and beliefs. After 1920, though, when the importance of agriculture declined rapidly due to the discovery and exploitation of oil, it would be necessary to add the use they made of the revenues of this last product, which Juan Pablo Perez Alfonzo, one of the forefathers of the Organization of Petroleum Exporting Countries (OPEC), did not hesitate to call *el excrement del diablo* (devil’s excrement), meaning that easy wealth could be a sure path to failure³; as it seems to be the case, since the idea of *sembrar el petróleo*, to “harvest petroleum”, is yet, but a mere illusion.

Arturo Uslar Pietri’s, another well-known Venezuelan, upheld this last thesis in a famous editorial, dated July 14, 1936, in nationally distributed newspaper *Diario Ahora*, in tune with Alberto Adriani, Minister of Agriculture and Farming

at the time. He defended it, 30 years later, In May 1963, in a televised debate with Perez Alfonzo, then Minister of Mining, Fuel and Hydrocarbon of Romulo Betancourt, when running for the Presidency. He stated that, to overcome the curse, oil income should not be used to pay for imports. Instead, petroleum revenue had to be invested in developing other economic activities within the country, as the only way to secure the future. He termed “destructive” any economy that consumed carelessly without worrying about maintenance and reconstitution of existing quantities of raw materials and energy. In his opinion, Petroleum, instead of being a bane should be the fortunate cornerstone enabling the country through its swift generation of wealth to accelerate and strengthen development (Toro Hady, 2015; Mayobre, 2015). This is more or less the general belief underneath Venezuelan bet for the future.

Regarding foreign policy, not surprisingly then, oil is now considered the country’s main instrument to pursue its international interests, leading to expressions such as “oil diplomacy,” “petro politics,” and Venezuelan “dollar diplomacy” (Mathias Poertner, 2011).



A *caudillo* is more than a leader, is a savior, a Messiah in charge of the establishment of a new order that will give rise to utopian world. During XIXth and early XXth century *caudillos* in Latin America were “men on horseback”, often generals who, leading private armies, used their military might to achieve power in the newly independent states. Many were large landowners (*hacendados*) who sought to advance their private interests. They had in common military skill and a personal magnetism capable of commanding the allegiance of the masses. Although they often began their career by opposing the oligarchy, they almost invariably became oligarchs and rarely upset the existing social order. In power, their authority was largely unchecked. Famous *caudillos* were Juan Manuel de Rosas and Juan Facundo Quiroga in Argentina, Gabriel García Moreno in Ecuador, Antonio López de Santa Ana and Porfirio Díaz in Mexico, Rafael Leonidas Trujillo Molina in the Dominican Republic, and José Antonio Páez in Venezuela. But nowadays the term could be used to refer to a charismatic populist leader, since effective *caudillismo* depends on a personality cult⁴.

The idea that order can be imposed by force and the habit of making a clean slate (*borrón y cuentanueva*) are also a legacy of this era. The *caudillo*, always in the search of glory and power, trying to gain the sympathy of the population while discrediting his predecessor; usually reorganized the government considering bad all that the former

ruler did. Today, many politicians when they attain power, discredit too everything that could have been done before and start something new, looking for personal gains, or perhaps as a strategy for their forced participation in the next elections.

The Socialism of the XXIth Century: More of the Same

The latest Venezuelan *caudillo*, colonel Hugo Chávez, after a failed coup against President Carlos Andres Pérez in February 1992, and two years in prison, attained power through democratic elections in 1999, initiating his Bolivarian revolution that led to the re-founding of the Republic and its institutions in the frame of a new socialist experiment that was baptized as “Socialism of the XXIst century”.

Venezuelans are now living under the label of the V Republic,⁵ but oil continues to be the cornerstone of their daily story at both, national and international levels.

At the interior of the country, oil finances the so called *misiones*, social oriented programs that at first apparently helped to improve poverty, but today have been proven a total fiasco, a disastrous failure.

Using increasing oil prices since the early 2000s and funds not seen in Venezuela since the 1980s, Chávez created “Bolivarian missions”, a series of social programs focusing on social justice, social welfare, anti-poverty, educational, and military recruiting, that became the

government’s main banner for appearing before the world as a true political revolution with high social content that seeks to transform the living conditions of the poor. Nevertheless, academic research proved some years ago that there is no correlation between these programs and major improvements in social indexes (España, 2008). In fact, the data of the Economic Commission for Latin America and the Caribbean (ECLAC) in 2014 report show that Venezuela is the country where poverty has increased the most:

As poverty ebbs across the region, Venezuela has experienced a 6.7 per cent increase in the number of households in poverty, from 25.4 per cent in 2013 to 32.1 per cent in 2014. Worse still, the country has recorded a 2.7 per cent increase in indigence, from 7.1 per cent to 9.8 per cent (*El Universal*, March 7, 2015).

The Venezuelan government has put the blame on falling oil prices and a presumed “economic war.” But, the oil barrel started to shed value only in mid-2014 and the “economic war” is a political invention to hide the decline in production. Therefore, it is only logic to think that the final solution of poverty does not deal with welfare programmes.

According to Ronald Balza, an economist and university professor:

There is no way to reduce poverty with welfare programmes.



Welfare programs help the poor solve punctual problems. However, if you are to come out from poverty, you need a growing economy, able to create jobs. Besides, it should manage to provide public services; allow people to invest much more in their education, in their own capacity building (Cited in El Universal, March 7, 2015).

At an international level, oil has served to buy allies. The transition from the IV to the V Republic brought about a major shift in foreign policy based on a militant anti-imperialism, a more political Latin American integration and openness to other continents such as Asia and Africa, with the intention of promoting a multi-polar world and drawing a new global geopolitical map. (Alcalay, 2003).

After the failed coup attempt and the general strike that took place in 2002-2003, a more radical President Chávez insisted upon these ideas looking forward playing a key role in the international arena, while projecting and securing its revolution.

A failed coup d'état on 11 April, 2002, ousted President Hugo Chávez from office for 47 hours, before being restored by a combination of military loyalists and support from Venezuela's poor. Having failed to oust Chavez through a military coup, the opposition opted in late 2002 to force the president out of office by a general strike. But these two events only served to radicalize the so called

revolution, which evolved into a clear dictatorship with no respect for the Constitution or the division of powers (Waller, 2005)⁶; bafflingly, for the world, Venezuela is a "good fellow".

Using financial resources from oil revenues, he deployed an international strategy to strengthen regional integration based on politics: *La Alianza Bolivariana para los Pueblos de Nuestra América*, the Bolivarian Alliance for the Peoples of our America or ALBA. This alliance seeks to implement a series of interstate consortia under the leadership of Caracas, including *Petro Sur*, *Petro Andina*, *Petro Caribe*, *Telesur*, the South Bank and Great Southern Gas Pipeline, to name only the most important. Besides this, the Venezuelan government has mentioned the aspiration of creating a South American armed force and a South Atlantic Treaty Organization like NATO.

The Bolivarian Alternative for the Americas (ALBA) was designed primarily to contain the US hegemony as evidenced by its Declaration of Principles and other founding documents. This contrasts with the FTAA project and the overall neo-liberal model of development, which is accused to have deepened structural asymmetries and promoted the accumulation of wealth on the part of a privileged minority at the expense of the people's welfare. Thus, with ALBA, a new set of variables and concepts of strong ideological content was introduced, that, in general, promotes

"cooperative and complementary exchanges" and bolsters an ambitious programme of "energy cooperation", the combination of which should compensate for asymmetries between the countries of the hemisphere and ultimately lead towards "endogenous development", considered the only way to eradicate poverty and social exclusion.

After a profound restructuring of the state-owned oil company, *Petróleos de Venezuela S.A. (PDVSA)*, oil, then, was employed ultimately "to meet the needs of the majority, instead of the elite"; a slogan, a mantra that is repeated both internally and externally, to justify what some think is being the worst administration of the industry in the history of the country as an oil producer (*Naim*, March 31, 2015).

In the current debate, there are different hypotheses that try to account for Venezuela's real motivations in committing such enormous funding to oil diplomacy, especially in the Caribbean. But, at the end, all of them consider the promotion and maintenance of the Bolivarian Revolution as the main objective. It seems Caracas looks forward gaining friends/allies to its revolution out there in the world, just in case people inside revolt again.

Some scholars have sustained that it is in Venezuela's national interest to continue this funding in order to gain support at a regional level in the Community of Latin American and Caribbean States (CELAC), in the Organization of American States



(OAS) or even at a higher level in the United Nations (UN). Gonzalez Urrutia and Alcalay indicate clearly that although Caribbean nations have not supported all Venezuelan initiatives, at least they have been supportive when there is the possibility that the domestic situation is evaluated in international forums (*Maduradas*, July 27, 2014).

Nevertheless, on his side, Poertner Mathias (2011), after having thoroughly examined the voting behavior of the countries of the Western hemisphere within the United Nations General Assembly, firmly states that no correlations between changes in the voting behavior and the employment of oil diplomacy could be observed, and that although Venezuelan oil diplomacy might have an influence on some countries, it is unable to dominate most countries foreign policy behavior; which made him conclude that “Venezuelan oil diplomacy is an ineffective and highly inefficient instrument to gain influence over other countries in the United Nations General Assembly”. He goes further and finish by denying Venezuelan claim to be a regional power:

Since the United Nations General Assembly is the only truly international forum with almost universal membership of all countries in the world, it can also give us some picture of the power structures in this world. As Venezuela has been unable to enhance its status in this organization through the

employment of oil diplomacy, this also points at the limitations of Venezuela’s claim to being a regional power. Notwithstanding the rhetoric of the Chávez government [today, in the hands of Maduro], Venezuela’s role within the region might not have changed as much as people might have been led to believe.

Some others authors, looking ahead, highlight the unsustainability of this policy due to the fall of oil prices, today under 40\$, when the average in 2013 and 2014 was 98,08 and 88,42 respectively (*El Universal*, August 20, 2015).

Nicolás Maduro, Venezuela’s president after Chávez death in 2013, declared that no matter how low the oil price falls, he will stand firmly behind regional initiatives like PETROCARIBE (*Tele Sur*, 2015).

However, the reality may melt his intentions. Chávez dismantled a fund intended to squirrel away windfall oil profits, spent the money and ran up tens of billions of dollars in debt. That debt is now coming due. Every dollar off the price of a barrel cuts roughly \$450m-500m off export earnings. By Deutsche Bank’s calculation, the government needs oil at \$120 a barrel to finance its spending plans—higher than before the recent tumble (*The Economist*, October 25, 2014).

In 2013 fiscal deficit was a reckless 17 per cent of GDP. In response, the government printed bolívares, pushing inflation over 60 per cent.

In December 2014 it closed at 68.50 per cent, the last official data available and the highest in the world (*Trading Economics*, 2015). Experts predict it can arrive to a scaring 200 per cent this year, since closed doors the numbers reach already 140 per cent (*El Universal*, June 17, 2015).

Industrial production is grinding to a halt and Standard and Poor’s, a ratings agency, downgraded Venezuela’s debt to CCC+. Analysts have long thought it would move heaven and earth to avoid default—not least because it has overseas assets that creditors could seize and depends heavily on financial markets (*The Economist*, October 25, 2014). But, it could happen faster than thought.

According to Steve Hanke, professor of applied economics at Johns Hopkins University (quoted by Sebastian Boyd, 2015), Venezuela is in the verge of becoming site of the 57th hyperinflation event in modern recorded history. With the Bolívar (Venezuelan currency) losing value every day in the black market, and falling oil prices, the government may run out of money to pay its debts by year-end. Derivatives traders have ratcheted up the probability of a default within one year to 63 per cent, compared with 33 per cent just two months ago.

The Bolivarian government will probably attempt to staunch the bleeding with tighter price and exchange controls, without considering that all this will do is accelerate demonetization of the



economy as more and more trading shifts to the black market. But, the real issue is Venezuela's domestic economic problems. Venezuela has been in deep recession for most of the last year. Import controls, inflation and the overvalued bolivar are causing shortages of essential goods.

Recently, a government official was jeered for saying that long lines indicated that "Venezuela has plenty of food", when rows and rows of empty shelves in stores were telling a different story. People are queuing overnight for subsidized products such as soap, milk, rice, coffee, and diapers. Fearful of public unrest escalating into something more serious, the government has now deployed troops to control queues of disgruntled shoppers at the country's half-empty stores. And it has introduced a system of rationing, limiting shoppers to two days per week (Coppola, 2015).

The last chapter of Venezuela-Guyana controversy over the Essequibo has added fuel to this fire. Within the context of social unrest and Maduro's popularity declining, Guyana took advantage and allowed

prospecting operations to US oil company Exxon Mobil over Essequibo waters. Facing the December parliamentary elections, the government pretends to propel nationalism appealing border issues with Colombia and Guyana, and CARICOM, whose members, mainly English (and English Creole) speaking Caribbean countries, benefit from PETROCARIBE, openly backed up Georgetown against Caracas (*Venezuela Analítica*, July. 7, 2015; *Taylhardat*, July. 16, 2015).

CODE

In analyzing the famous debate that took place 52 years ago between those two giants Arturo Uslar Pietri and Juan Pablo Pérez Alfonzo, one could possibly conclude that they were both right.

Uslar Pietri was right in urging Venezuelans to "harvest petroleum" in order to diversify the economy. Pérez Alfonzo was right in his reluctance toward the country's capacity to invest oil revenues accordingly. A close look at the events of the last 16 years of

revolution supports the premonition that oil could very well be "the devil's excrement".

Oil used appropriately was a blessing, as experienced during the first six decades following its finding, when Venezuela became the fastest-growing economy in the world, experiencing the most economic and social transformations.

Oil mismanaged is a curse leading to consolidation of authoritarian and populist governments. "The devil's excrement" has been the "lubricant" of demagoguery.

Maybe Leopoldo López, the opposition leader in prison, as the new *caudillo* (if liberated after a probable victory of the opposition in parliamentary elections to be held in December), riding the horse of Democracy again, will assume the challenge of harvesting petroleum instead of giving it away.

Nevertheless, it would be even better that civil society awake of the dream of *caudillos* and easy wealth and start harvesting respect, tolerance, work and good will in order to build a new and empowered Venezuela.

Endnotes

- ¹ The say it creates noisy parties in your blood/ they say it kills you with much death/ they say to beat it, is enough to walk towards the sun. Toxic love by Leonardo Padrón.
- ² When it was first proposed by Gabriel Almond (1956) and subsequently employed in *The Civic Culture* (Almond and Verba, 1963), the term aimed to solve in a scientific way the classic problem of specifying how people affect their political system, and *vice versa*. "Culture" (and thus political culture) was understood to transcend the individual, but not to the extent that it negated individual action entirely. True, individuals were socialized into



their culture, but they also produced and reproduced it. Culture was also understood to constrain political systems, without being identical to them: only certain systems could “fit” a given culture, but the unintended consequences of institutions might alter the culture that created them. In this sense, the concept constitutes an attempt to integrate psychology and sociology so as to be able to apply to dynamic political analysis both the revolutionary findings of modern depth psychology and recent advances in sociological techniques for measuring attitudes in (Encyclopedia.com, 2015).

- ³ Pérez Alfonzo was quite possibly the first person in the world to take note of the damage raw materials such as petroleum, if misused, could wreak upon countries. He was the first person to sense what would later be known as “Dutch Disease”, an economic phenomenon that takes place in countries when they discover and exploit large oil reserves as in the North Sea. What seemed as a simple intuition in the times of Pérez Alfonzo would subsequently become an overwhelming reality. The distortion suffered by economies ailing from this heinous cancer could turn into an insurmountable obstacle to development.
- ⁴ See *Oxford Bibliography* (2015) and *The Columbia Encyclopedia* (2015).
- ⁵ The numbering of the Republics responds to schemes formulated by academicians for a better understanding of Venezuelan history. The first three Republics are confined to the vagaries of the independence struggle. The fourth begins with the separation of Venezuela from the Gran Colombia in 1830 and ends in 1999 with the victory of Hugo Chávez and the adoption of a new Constitution. The so-called V Republic, at least in theory, refers to the transition from representative democracy to participatory democracy (See: Hocevar, 2011). Nevertheless, it is important to highlight that, for most of the people in Venezuela, the IV Republic refers to the so called “democratic era” that goes from the end of the dictatorship of Pérez Jiménez to the assumption of power by Chávez (1958-1999).
- ⁶ As a result, the vast majority of human rights violations remain unpunished, depriving victims, who often face ongoing harassment of their right to truth and justice, and adequate reparation (*HRW*, June 29, 2015). The sentencing of Venezuelan opposition leader Leopoldo López to nearly 14 years in prison is just the last example of it. (*The Guardian*, Sep. 11, 2015)

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