

# Venezuela: political changes in the Chávez era

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Photo Juan Barreto/ France Presse Agency 1.23.2004



*The man painted his face the colors of the Venezuela flag in support of Hugo Chávez.*

## Rise and fall of the Punto Fijo Pact

ANY ANALYSIS that is made about democratic Venezuela, which began in 1958, after the fall of the dictatorship of Marcos Peres Jiménez, shares the idea that the democratic Venezuelan system, which operated between the years 1958 and 1989, had as a basis for its stability a “populist conciliation pact” of the elites, thus named in the classic work by Juan Carlos Reis (1980, p. 315). The material and institutional expression of this conciliation pact was the so-called Punto Fijo Pact. Rooted in the Constitution of 1961, from an institutional standpoint, “the pact recognized that the existence of various political parties and their natural divergences could be channeled within the boundaries of agendas of acquaintanceship and [in the recognition] that *common interests* existed in the survival of the system” (Romero, 1989, p. 25). Moreover, the pact of governance excluded

sectors, such as the Communist Party, considered to be destabilizing forces of the nascent democratic system. In relation to foreign policy, the Venezuelan political elites were able to develop a defensive diplomacy of the internal democratic institutionality by promoting the so-called Betancourt Doctrine, by which Venezuela would not recognize any government on the continent that had its origin in a *coup d'état*.

The material base of the Punto Fijo Pact was ensured by clientelistic distribution of the petroleum income. The existence of petroleum enabled the manner of the State's intervention in the economy, and also its relationship with the other political actors, such as parties, unions, armed forces and the private sector. All these sectors were subsidized by the State, a fact which inhibited any possibility of criticism about the future consequences of the clientele model of conciliation adopted at the time. It is necessary to underline this premise: it is not possible to understand Venezuelan political life starting from the beginning of the democratic period in 1958 without understanding the role developed by the petroleum resource, nor is the country's economic life comprehensible without an understanding of the role of the State as protagonist, that, as a last resort, presents itself as the sole owner of the petroleum resource (Cf. Villa, 1999).

Supported on this political base of the Punto Fijo Pact, and the material base derived from petroleum, Venezuela's political system had solid institutional engineering that persisted for nearly thirty years, and came to be described in terms of the following constitutive points:

- 1) A bipartisan system characterized by minimal ideological and programmatic differentiation, a fact which suffocated the small parties and left the minorities without active voice in the national scenario (Ellner, 2003, p.20). Within this system, the Democratic Action Party (Acción Democrática AD), representing a socio-democratic project and the (Comitê de Organização Política Eleitoral Independente – Copei) representing a Democratic-Christian Project, alternated in power without other competitors between the years 1959 and 1988. As Alfredo Ramos Jiménez suggests: in the last forty years “[...] access to the government in Venezuela was always mediated by the party. This explains in part the stability of the political system in the face of the destabilizing options and also the fact of conflict almost never existing between the State and the Governing party” (Jiménez, 2000, p. 7). After 1973, both of the parties together held 83% of the chairs of the House in a bicameral legislative system.
- 2) the Venezuelan parties were highly institutionalized and not simple vehicles for ambitious leaders. The principal political leaders, especially Rómulo Betancourt (AD) and Rafael Caldera (Copei), avoided polarized disputes. In other words, the democratic system

counted on mature political leadership that, learning from past experiences, discarded sectarianism and provided advantageous pacts between parties. As Levine suggests (1978, pp. 93-98), the Venezuelan political leadership was not disposed to repeat experiences of intense rivalry, that could put them on the brink of new coups d'état. This factor, in turn allowed the establishment of a coalition democracy that opened channels of participation of the smaller parties<sup>1</sup>, and that also allowed bipartisan control on the part of the AD and the Copei, for high level positions in institutions such as the Congress, the Judicial Supreme Court and in the unions themselves. (Ellner, 2003, p. 21).

Furthermore, the nationalist and anti-imperialist speech peculiar to the populist Latin-American leadership, such as Haya de la Torre, Juan Domingo Perón and Getúlio Vargas, was always absent from the principal Venezuelan leadership. Rómulo Betancourt (AD) as much as Rafael Caldera always cultivated a good relationship with the United States, even at times cooperating with the US in its hemispheric policies of politically isolating Cuba. (Alexander, 1982).

- 3) The large Venezuelan parties had roots in all strata of society. They were multi-class parties, but their primary composition, however, originated in the middle class. The petroleum resources are important for explaining this fact. According to Karl (1987) and Hellinger (1984), the petroleum economy had a positive political impact to the extent that such resources helped in the formation of a strong urban middle class, from which emerged the leadership of the principal political parties and unions. This social background of the leadership, however, did not prevent them from having a multi-class party dialogue and affiliation, avoiding having AD any more than Copei becoming particularly identified as representatives of the middle class. This can be summed up by the fact that the distribution of the petroleum resources made itself felt among all strata of society, which kept the level of social conflict under party control.
- 4) The two large parties of the *puntofijismo* democratic system, AD and Copei, gave priority to party discipline, which in fact strengthened them. Both were rigid, almost Leninist structures, which could not forgive dissidents.
- 5) Finally, the Venezuelan political system was sufficiently open to generating attractive opportunities not only for the coalition partners but also for other small parties. (Ellner, 2003, p. 22). The two large parties took care not to turn governing into a zero sum game. Representatives of the small political parties were incorporated into the exercise of second level responsibility of positions, and some

of the sectors from the left had some proportional representation in the powerful Worker's Center of Venezuela (CTV-Central de Trabajadores da Venezuela), which, in turn, was controlled by the AD. This integration of representation of political interests, besides transferring institutional stability, prevented an attraction to radical political options from either the left or the right.

Besides this, there were also incorporated "[...] other actors, such as the armed forces, the church, entrepreneurs and the sense of its institutionalization and in the aggregation of social and corporate interests" (Villa, 1999, pp. 137-138). Such facts, in this way, reveal that the closing of the party universe enabled those sectors of society that had become institutionalized to negotiate their interests directly with the leadership of the two parties. Actors such as the unions, which at that time were mainly represented by the CTV, developed a corporatist link with AD, which then guaranteed them the exchange of its support, distribution of positions and benefits, a system similar to the Brazilian corporatism of the Vargas era.

Given this solidity of the Venezuelan pact of governance, the political instability that began in early 1989 surprised the political actors as much as it did analysts.

The period between the years 1989 and 1993 is of fundamental importance for the definition and comprehension of the depth of the crisis that began, and the room the principal actors of *puntofijismo* had for maneuvering. At the end of 1988 Venezuelans, nostalgic for the time of the petroleum bonanza in the 1970s, again elected social-democrat Carlos Andrés Pérez from the AD. Pérez had previously governed the country between 1973 and 1978, the period coinciding with the first large international petroleum price increase.

Once elected, Pérez reacted to the crisis by adopting a neoliberal package at the beginning of 1989. However, the measures were not well received by the popular Venezuelan sectors. The neoliberal option instituted in 1989, which included a strong financial adjustment, privatization of the principal state companies with the exception of the petroleum industry, and the drying up of the State's administrative machine (in a country where the State and its companies were the principal employers), never roused the same popular enthusiasm "as the interventionist policies of the past. While interventionism had reached its fullest expression in the 1976 nationalization of the petroleum industry, applauded by the country and a source of national pride, the neoliberal period [inaugurated with Pérez] assisted in the large scale transference of national companies" (Ellner, 2003, p. 310).

The first strong symptom of political instability of the Venezuelan democratic system was the event that would be known as *Caracaso*, on 27 February, 1989, which constituted a repressive military reaction directed at the protest by the poorest sectors of the population (who came from the hills and hovels - *cerros* and *ranchos* or the slums of Venezuela) of Caracas, against

the neoliberal measures of Pérez. At this confrontation approximately three hundred people died, according to official figures, and more than a thousand according to unofficial sources.

The escalation of political instability, in turn, did not end with this incident. In fact, the Venezuelan democratic institutions derived from the Punto Fijo Pact would never overcome the destabilizing effects of *Caracas*. In what followed, a group of officials, led by then Lieutenant-Colonel Hugo Chávez Frias, deepened the Venezuelan political crisis, taking charge of a coup attempt in February of 1992. Closing the drama of the Venezuelan *democratic tragedy* of the period, the presidential institution was profoundly demoralized when then-president Carlos Andrés Pérez left office in 1993 under accusations of corruption.

The relationship between the behavior of the petroleum economy and the political system are also important in explaining the crisis of puntofijismo. The economic downturn in the 1980s affected in a relevant manner the essential material goods that were redistributed to the Venezuelan regime, a fact which showed that the political efficacy of the Punto Fijo Pact was intrinsically linked to the behavior of the petroleum profit model. With the crisis of the 1980s, the so-called lost decade, all of Latin America confronted an economic collapse that ended by profoundly conditioning the neoliberal economic options taken by the political elite of the Latin-American region. In the case of Venezuela, the situation was aggravated due to the fall of the international prices of oil at the beginning of 1984, and also to the increase in weight of foreign debt. The democratic regime, which between 1965 and 1980 had been able to maintain a relatively constant rhythm of salary increases in relation to social spending as a clear result of the oil price increases, had this capacity reduced. The *per capita* GNP which had reached its peak at the end of the 1970s fell nearly 20% in the 1980s, causing indexes to regress to those of the 1960s (Roberts, 2003, p. 80; Crisp, 2000, p. 175).

With a certain perplexity analysts recognized that Venezuela seemed to be the victim of its own institutional and socio-economic success of its thirty years of democracy. The same factors that had previously been so important for the success and stability of the Venezuelan democracy, such as excessive centralism and state paternalism, the party pacts originating from within the State, the excessive institutionalizing of bipartisanship, its export economy based on petroleum, and even the electoral system based on proportional representation, were now identified as causes of the democratic instability itself.

The diagnosis pointed out that such factors, which had previously guaranteed the success of Venezuelan democracy, closed the space for incorporating new political and social actors “with decision-making capacity in the political system” (Ellner, 2003, p. 25). A State reform that might have administrative decentralization as a goal was then tried. The governors who had previously been recommended by the President of the Republic and the

mayors, who were indirectly elected by their own city legislatures, came to be elected by popular vote. These mild reforms, however, were insufficient to politically relegitimize and reinstitutionalize the Punto Fijo actors, who were by then incapable of understanding that it was not possible to placate and maintain intact a system mounted by them, at the same time that the institutional and material conditions of such a system were deteriorating. It is thus comprehension of what were necessary changes in the political system that is perhaps associated with the principal value of the emergence of Hugo Chávez's prominence within the Venezuelan political scenario.

Nevertheless, the burial of puntofijismo only occurred in the second term of Rafael Caldera, who had previously governed the country between 1968 and 1972. Rafael Caldera was the only major politician of the traditional Punto Fijo elite who understood that events such as *Caracaso* and the military insurrection headed by Hugo Chávez were not matters of circumstance, products of adventurers such as some political sectors characterized them, but reflected a general political and social discontent with the incapability of democratic institutions when confronted with economic crisis and the absence of institutionalized channels of political participation. Caldera took advantage of his ability to interpret the significance of the crisis in a different manner and, having abandoned his original party (Copei) and offered himself with a populist speech that approached the demands of the popular sectors and the middle class, was elected president at the end of 1993.

Once elected, however, Caldera continued the agenda initiated by Pérez, deepening the neoliberal measures under the pompous name of *Venezuelan Agenda*.

More than putting puntofijismo back on its track prior to 1989, Caldera's second term deepened three nearly irreversible feelings among the Venezuelan social sectors about the political system: low esteem of traditional political parties and their leadership, of which Caldera was a symbol; a sense that there was an absence of power that a political elite reminiscent of 1958 was incapable of replacing; and, finally, the desire of the popular sectors, and even from the middle class, to renew their elite directors so that they could once again operate the redistributive clientele system that had operated until the 1980's. A clear example of this was the fact that *The Radical Cause (La Causa Radical)*, a regional party and labor's social base, was able to be a viable electoral option in the 1993 elections. It should be stressed that for some observers this would not have been completely clarified if their candidate, Andrés Velásquez, had not won the presidential election that year. (See Hellinger, 2003).

### **The innovative policies of the Chávez phenomenon**

With the weakening of puntofijismo, a kind of vacuum was established in Venezuelan politics in spite of the willingness of several political sectors

to fill in that vacuum, within what could be identified as “the unions, the professional and management sectors and the military quarter” (Hellinger, 2003). However, none of these alternatives had been as well accepted by the population as the one proposed by Hugo Chávez.

It should be pointed out that even Chávez himself, at the beginning did not well understand the political dimensions of his 1992 coup attempt, and why it had been so well received by large contingents of the population, so intense was the doubt in the democratic leadership of Punto Fijo. This initial incomprehension by Chávez in relation to the exact significance of the forces on behalf of institutional change that had been set in motion could be related to the fact that in the 1993 elections, he and the Revolutionary Bolívar Movement 200 (MBR200, his original political movement from when he was an officer), called for electoral abstention. After 1993, Hugo Chávez reexamined his position and, given his great popular acceptance, proposed modifying the institutions “from the inside out,” by means of the National Constituent Assembly. With this it became almost vital to modify his sustaining political action strategy. It became necessary to defend his participation in the next political contests. Thus arose a Chavista party machinery then known as the Movement of the Fifth Republic (MVR) (see Marques, 2003).

The radicalism of the Chavista discourse, which preceded the 1998 presidential elections, transformed him into the one who best interpreted the desire for popular change in relation to the politically dominant class, as well as in relation to the institutions inherited from the Constitution of 1961. The harsh language that Chávez directed at his opponents in his long speeches was the *idem sentire* of all that his social base wanted to have expressed to the elites in the two lost decades of the 1980s and 1990s (Cf. Villa, 1999). As to Chávez’s emergence, the mistakes made by some of his adversaries contributed considerably, as well as the depth of the feeling demonstrated by Venezuelans in rejection of the traditional parties.

In relation to these two points, the most notable example was expressed by the charismatic presidential aspirant Irene Sáez. This politically independent former Miss Universe had had two sufficiently well-accepted managerial positions in the 1990s as mayor of the city of Chacao, one of the various municipalities that divide the capital, Caracas. This positive political past qualified her as a candidate of substance, a fact that was rapidly expressed in high numbers reached in electoral polls, which she led for more than a year. Sáez, sensing that she could not win without the support of a political machine, committed the mistake of accepting the support of the Copei party. The effect was devastating: in a few months her candidature declined. The popular judgment was obviously not made about the candidate, but about the traditional party. It was questioned whether the candidate would have sufficient strength and political will to break with AD and Copei, the parties

of the elite pact, which were judged as being principally responsible for the country's political and social crisis. Her fall in the polls could not necessarily be credited to the emergence of an anti-party or anti-political feeling, but to the anxieties, as much on the part of the middle class as the popular sectors, of a renovation of the parties and the political class. Or, to use the expression known from Pareto, of an anxiety over the "recycling of the political elite."

The landslide electoral victory of Chávez in December, 1998, who received 58% of the valid votes facing his opponent Enrique Salas Romer Feo<sup>2</sup>, the candidate who publicly assumed the option of continuing the neoliberal agenda implemented by the two previous governments, brought important changes to Venezuelan politics, and to Latin-American politics itself.

The Chávez political action distinguished itself, in the first place, by the fact of "having failed as a traditional military coup and having triumphed as a popular electoral movement" (Lombardi, 2003, pp. 15-16). In the second place, despite a lack of confidence regarding his personal style, creating institutional change which reverted to the 1961 Constitution, transformation of the bicameral parliament to unicameral, election of judges, and above all, the evacuation of the old bipartisan system, indicate a strong preference for the management of change by democratic means" (Lombardi, 2003, p. 16).

In addition, in spite of Venezuela's continuing high rate of poverty,<sup>3</sup> there had been a clear popular differentiation between the effectiveness of the regime in treating this problem and the bet placed on the leader. The fact that Chávez reached the end of his first term with popular approval rates above 70% reveals that the regime's political judgment, which is considered inefficient and incapable of changing the Venezuelan situation as a developing country and with chronic problems of poverty, did not extend to Chávez's leadership.

Finally, the strategic use of nationalistic symbols, highlighted by use of Bolivarian discourse and the Bolivarian legacy, acquired a certain singularity in the Chávez project. The figure of Bolívar allowed such a symbol of Venezuelan nationality to be transformed into a kind of legitimizing source and authority for the individual political figure – Hugo Chávez. Such a strategy, in this manner, transcended simple appeal, reaching *ancestralism*. The recovery of Bolivarian discourse, in a country where the historical personage and example of Bolívar has continued to mold Venezuelan nationality, has a politically important effectiveness, to the extent that it offers concreteness to abstract discussion. Chávez has made Bolivarian discourse a concrete instrument of political action. Thus, the Bolivarian discourse ceased being only one extra-historical factor in the mixture of elements of Venezuelan nationality, transforming itself into a concrete political instrument, in the name of which was launched a fight against the immense corruption of Venezuelan institutions, in the name of which was justified the frontal attack on traditional parties and the threat to close institutions such as Congress and the Judiciary. (Cf. Villa, 1999).

In addition, the emergence of Hugo Chávez within Latin-American politics might be characterized as a kind of intervention of populist leadership that, in spite of having toppled a party system and having embraced a harsh discourse against traditional parties, is, properly speaking, not an anti-party leadership as had, at the same time, been that of Collor de Mello in Brazil and Fujimori in Peru.

It can be pointed out, however, that Chávez was not able to institutionalize a political base and a new party system in Venezuela. What could be called his party, the Movement V Republic (MVR), is one more heterogeneous front of political and social forces, in which were housed nationalistic and traditional leftist sectors as well as sectors emanating from the hegemonic parties of *puntofijismo*. But, contrary to what was established in the Punto Fijo party system, in which party fidelity is a strong characteristic of the sectors centered around AD and Copei, such sector fidelity is not associated with the institution, the MVR, but with the figure of Chávez himself. There were no “*adecos*” or “*copeyanos*,” as the sectors and militants of the two largest Punto Fijo parties were known. On the contrary, there is a militancy and a political and electoral identification that is merely *Chavista* .

On the other side, the opposition in the Chávez era is still sufficiently fragmented, not having been able to reestablish and legitimize itself electorally. The programmatic proposal seems, in some way, to have become reduced to an anti-Chavist proclamation. The fact should be recognized, however, that the sectors of unionism, of patronage, segments from Venezuelan Petroleum (PDVSA) and from the communications media, all were connected to the old elites, even if it were those that appeared joined in opposition, and which have, from my point of view, their origin in a failure of the political dynamic that began in the Chávez era: *the weakening of the party system that headed the 1958-1998 pact of elites did not mean institutionalizing a new party system, or a renewal of political leadership and strengthening of new organizations of socialized civil society in democratic values*. Moreover, the weakening of the old party system left an institutional vacuum that went on to be filled by organizational experiments in which the line that divided politics from the paramilitary is quite debatable. In the absence of the renewed framework of social institutions, representation and aggregation of interests took place by means of the Bolivarian vicious circles tied to bureaucratic practices, or corrupted corporate institutions, such as the Workers Center of Venezuela (CTV) and the *Fedecamaras* (representatives from the workers and patronage, respectively), who have support from the major part of the television and print media (Cf. Villa, 2004).

However, in spite of the high indices of popularity and legitimacy attached to the figure of Chávez, such elements did not translate into national institutional stability. In this sense, underlying everything else, what has to be pointed out is the electoral phenomenon and the phenomenon of popularity by

which the prominence of Hugo Chávez has been transformed in recent Latin-American political history. In the first elections in which Chávez participated, in December 1998, he won the presidency with 56.2% of the votes; in the so-called “re-legitimize” process<sup>4</sup> of July 2000 he received 59.7% of the votes, and in the recall referendum of August 2004, received 59.1%<sup>5</sup>. How then can this paradox be explained in which political legitimacy does not correspond to social consensus?

My explanation is that Chávez broke with a fundamental characteristic of the democratic system that was inaugurated in 1958, i.e., the multi-class representation and organization of institutions, in favor of the poorest sectors of the population, which became his main political base. This novelty in Venezuelan politics leads us to interpret the change in the Chávez era not only on political bases but also in socio-political bases.

### **Social and political polarization in the Chávez era**

A distinctive trait of Chávez’ domestic politics is that the opposition between political forces ceased to be strictly political in nature in order to transform them into an openly social conflict. At least some scholars of the Venezuelan political process have pointed to such a process as transformation of social polarization into political polarization (Planes, 2003; Ellner and Hellinger, 2003). How could this have occurred?

Chávez assumed the Venezuelan presidency in February 1999 and, in July of the same year, promoted elections for the election of the National Constituent Assembly (ANC), which would produce a new constitution to substitute for the one from 1961. The Chavista forces received an overwhelming majority in the ANC, electing 125 deputies, while the opposition only managed to elect six. Approved in December of 1999, the new Constitution has among its safeguards the fact of having established new agendas for restoration of judicial power and raising the number of public branches of power to *five*: besides the three classic branches (Executive, Legislative and Judicial), Citizen and Electoral branches were both present in MBR200 documents in the 1990s. Besides this, the new Constitution, which changed the name of Venezuela to Bolivarian Republic of Venezuela, also gave the vote to the military and transformed the legislative branch from bicameral to unicameral, giving the National Assembly maximum jurisdiction (Cf. Maya, 2003).

Among the criticism of the new Constitution, foremost was the excessive concentration of power in the hands of the president, who went on to have inclusive power to legislate by means of the *Enabling Act* with respect to any matter. At the end of 2000, the National Assembly approved a package of 49 *enabling decrees*. Two of these decrees, in particular, caused considerable controversy in the country:

The Hydrocarbons Law, which governs the petroleum sector, and the Land Law, which deals with agrarian reform and development. In the first case,

because the government went on to require that the Venezuelan capital had majority shares in the partnerships with foreign petroleum companies active in the country, which the defenders of liberalization of the sector saw as a regression. The government even increased the *royalties* charged per barrel of oil from 16.6% to 30%, although this measure was attenuated by the reduction from 64% to 50% of the tax on petroleum income. Now the debate over the Law of Lands is a little more complex. It is widely accepted that it was the oligarchy's sense of horror that caused president Hugo Chávez to uphold article 342 in the Bolivarian Constitution, which was already in the Letter of 1961, recommending that the "regime of large estates is contrary to social interest" in Venezuela (Uchoa, 2003, p. 56).

Beginning with intense discussion of these two *enabling laws*, radicalization emerged in the Chavista discourse and in the discourse of the opposition, generating a picture of polarization of the political field of "us and them." The result was that the middle class, besides feeling few positive signs of recovery of its *status* and the high socio-economic standard of life of the 1970s and the beginning of 1980, began to question the effectiveness of the presidential rhetoric in combating unemployment (around 18% at the end of 2002), social inequality and urban violence, besides feeling uncomfortable with the radicalized language of Chávez.

Chávez also did not take into account that the Venezuelan middle class would not have sufficient patience to wait for more reforms that would enable the functioning of the old and exhausted Venezuelan democratic clientele political system, which had begun in 1958. It needs to be pointed out that part of the middle class generation that protested in the streets of Caracas against Chávez is the same one that grew up in the best years of the Venezuelan oil boom in the 1970s and the beginning of 1980. The demands of this social sector are very far from the "peaceful and Bolivarian revolution" that had been preached. The expectation of these sectors of the middle class in December 1998 when they voted Chávez in, was that the new government would make the old, exhausted populist system function anew, in an effective way" (Vivas, 1999, pp. 96-97).

The symptoms of the transformation of the social polarization into political polarization manifested itself at three important moments. In the first place, it has been pointed out that the petroleum industry strike occurred at the end of 2002 and the beginning of 2003, when only informal sectors of the economy continued their activities. Secondly, the attempted coup d'état of April 2002 can be highlighted. "The massive march in April 11 [of 2002] which began the coup attempt started from the well-to-do zones of Caracas and was composed mainly of members of the middle class." In counterpart, in this period, the popular sectors of Caracas united with segments of the Armed Forces that were faithful to Chávez in order to reinstall command of the government to the deposed president. The third moment, in turn, refers

to the presidential referendum of August 15, 2004, in which Chávez obtained a massive vote from among the same popular sectors. The result of these facts was, then, a period of enormous political instability between the second half of 2001 and the second half of 2004. How to explain this?

Some of the more recent studies have called attention to the fact that social polarization in Venezuela is not a phenomenon that appeared precisely with the Chávez government. After the *Caracaso* of the beginning of 1989, “the poor considered any middle and upper class neighborhood of Caracas as enemy territory [...] but the distrust is mutual. The middle class is afraid that the poor is at the point of invading their communities” (interview with the director of a Venezuelan NGO, in Ellner, 2003, pp. 34-35). But, by any means, until the first electoral triumph in 1998, the Chávez social base of support was sufficiently broad. At his 1998 election speech, close to a kind of justified crusade against the traditional political figures and the Punto Fijo oligarchy, he embodied the most popular sectors, but also a good part of the middle class affected by the economic crisis that had crushed them since the 1980s, extending through the whole of the 1990s. However, in spite of Chávez not having created the class polarization, it is a fact that he stimulated it, as is well suggested in the work by Roberts (2003, p. 94) and Ellner.

After his first electoral victory Chávez was increasingly supported by the poorest sectors [...] It is notable that the great marches of support for Chávez were organized in the west zone of Caracas, where the sectors with less resources were concentrated, while the opposition marches occurred in the *urbanized* zones of the East of the capital [in which were quartered the most wealthy class and the middle classes] (Ellner, 2003, p. 36).

After the failed coup of April 11, 2002, one of Chávez’s objectives was to reconquer the support of the social middle class by means of the use of language of national conciliation and effective public policies. In order to reach such a goal, he could have taken advantage of the weakness and lethargy of the entrepreneurial sectors associated with the commitment of its directors to the failed coup. Chávez even attempted this peacemaking movement, but a problem existed that seemed to have been beyond his calculations: the country had reached such a degree of political and social polarization that the president had a reduced margin for the possibility of conciliation. What this meant, in other words, was that political hatreds by a large margin overrode the possibility of national conciliation in Venezuela at that time. From the historical point of view, such polarization is only comparable to the polarized hatred in Argentina in the era of Juan Domingo Perón.

As such, in this pre-referendum frame, the political scenario that emerged with the radicalizing of political and social speech generated, as a result, conditions which went beyond the limited strategy of protest marches and pan-beating demonstrations on the part of the opposition, to a

comprehensive strategy. They demanded the president's departure at any cost, even if such an alternative implied the latent risk of a coup d'état. Adding to the situation was the absence of a judicious political adviser of the Chavista administration close to the circles of power, i.e., "chief of staff," who could serve as a moderating force for the impulses of the president that many times were authoritarian, or that might help in unifying the opposition.

The epilogue of the polarization of the political and social forces in Venezuela of the Hugo Chávez period was provided in the discussion about the presidential recall referendum in the middle of 2004. The most dramatic effect of this outcome was to show the degree of instability, and even the lack of credibility, of fundamental institutions such as the judiciary and the electoral branches. Both were overcome by the intense politicizing that enveloped Venezuelan society, which allowed insider groups to make use of them by adapting the rules to their immediate desires.

Photo Emilio Guzman/ Reuters Agency 11.11.2000



*Presidente Hugo Chávez speaks to his electorate at its beginning in Caracas.*

### **Post-referendum Venezuela: possibilities for reinstitutionalizing the political system**

Ratification of the continuity of Hugo Chávez's presidential mandate took place on August 15, 2004, and was categorical. The president received 59.1% of the valid votes of the Venezuelan electors, against 40% by the opposition in the referendum.<sup>6</sup> What are the factors that brought about such a crushing triumph by a controversial Venezuelan figure within a picture of political and social polarization? The hypothesis that might be suggested, as much to explain the electoral phenomenon in which Chávez transformed

himself, as to explain his steadfastness from the political instability, is that his regime was strongly legitimized in cleavages that went beyond the political. The political dimension expressing itself in popular and electoral approval ratings is a consequence of concrete social options and measures that are advantageous to the most marginalized sectors of the Venezuelan population, above all after the coup of April 11, 2002, when this social sector's identification with the figure of Chávez became clear.

In the first place, it points to the positive impact of the social plans, known as Bolivarian Missions (*Misiones*), within broad popular sectors, and in at least a third of the middle class sectors. Such plans consisted of emergency social measures, of which three short and medium-term measures and one long term are prominent. The short and medium term measures are: the health program *Bairro Adentro* (*inside the neighborhood*), within which doctors, Cubans in the majority, make daily consultations and remain on call 24 hours a day in the poorest regions of the country; the *Mercal* people's market programs, which are a kind of popular food fair, in which more than twenty products of the "basic basket" of essential foods can be bought for a government subsidized price; and the distribution program of free ready-to-eat food for popular sectors living in nearly indigent conditions. The long-term effect plan concentrated on the area of education and had three fronts: the *Robinson Mission*, the intent of which was to make more than 1.5 million people literate between the years of 2003 and 2004; the *Ribas Mission*, the objective of which was to stimulate people to reenroll in the high school subsystem who hadn't finished their studies; and, finally, the *Sucre Mission*, directed toward university level education, the concrete expression of which was the Bolivarian University, which proposes(d) incorporating five hundred thousand students who were without places into the public and private subsystems of university education.

In the second place, Chávez's victory was, without doubt, associated with the economy's positive behavior in macroeconomic indicators beginning in 2004, and the redistributive effects of this growth. According to Central Bank of Venezuela (BCV)<sup>7</sup> after the strike at the end of 2002 and the beginning of 2003, a substantial recovery of the economy took place in 2004. In the first half of this last year, the GNP grew 23.1% compared to the same period in 2003.<sup>8</sup> This behavior of the economy, in turn, was reflected in the decline in unemployment, which went from 18% in the first half of 2003 to 15% in the first half of 2004. Besides this, the average price of Venezuelan oil reached record prices. *Fortuna* (fortune) seems to follow the management of president Chávez, given that the financing of the so-called *Misiones* (*Missions*) depends fundamentally on petroleum, for which the *Economic Development Fund* was created within the PDVSA, which not only finances the *Misiones* but also different works of infra-structure in different regions of the country (Quantum, 2004, p. 5).

It should be pointed out, however, that the effects of the August, 2004 referendum's results embrace both positive and negative effects for Venezuela that extend to the present time. Among the positive aspects, we should highlight the fact that the referendum enabled a country to emerge that, in spite of being socially polarized, went on to become less polarized politically, contrary to what was imagined prior to the referendum. One of the greatest fears in terms of the possibility of this occurring was that the winning side would obtain only a small margin of difference over the loser, allowing the referendum to electorally institutionalize the country's polarization. From this point of view, the scenario would potentially destabilize the institutions. But the actual result, which brought president Chávez about 60% of the electoral vote, besides assuring him a wide margin of legitimacy after more than four years of government, opened better perspectives to him for governing. Moreover, it made possible a renewal of a dialogue with and a new beginning of an approach to the opposition's moderate political segments, with the business sectors, and with the communications media, which began to occur with business sectors, including private communications media, at the end of the second half of 2004. *The consequence of this dialogue was a minimal degree of reinstitutionalizing of the governing system, while staying far away from being a renewed pact in the mold of Punto Fijo.*

On the other hand, the referendum showed that the electoral picture was more complex than was supposed, based on the *a priori political* choices of the social sectors. Before the referendum the idea had prevailed that all the popular sectors would vote en masse in favor of chavism and that the middle class would vote en masse against chavism. A brief analysis of the electoral data shows that, in low-income regions of Caracas, the district capital, 23% to 31% voted for Chávez's leaving, while in middle class regions of the capital the voting rates against his leaving power in certain electoral zones varied between 30% to 37%.

Starting from this data, then, we could deduce that an explanation, in part, of the significant difference of nearly 20% in favor of those who voted for Hugo Chávez to remain in power was the important volume of votes that Chávez received from middle class sectors. It is true that nearly 70% of the low income electors, as predicted, voted against the departure of Hugo Chávez. However, it was a portion of the middle class, approximately a third, that was the differential factor in the president's favor. Thus unmasked is the myth that was created in subsequent years, that all citizens of the popular sectors had a great tendency to be favorable to the president's government and that all middle class citizens were potentially opposed to Chávez.

However, an equally important number was the 40% of the votes that the opposition managed to capture. It was quite true that an excessively polarized result (let's say 51% of the votes in favor and 49% against) was not of much concern in relation to the country's social and institutional stability.

However, showing the weakness of one of the sectors, and principally if it were from the opposition, would also not have been of much concern. Thus, the 40% obtained by the opposition made it electorally viable for future electoral confrontations. In this way, if we take into account that the electoral distribution is socially less polarized than imagined, and that the margin of votes obtained by the government as well as by the opposition is politically and quantitatively significant, the scenario of the reemergence of a party system with multi-class social bases, which was one of the best contributions toward a strengthening of the democratic institutions offered by Venezuelan democracy until 1998, offered opportunities that the various political actors could exploit in the debate about reconstituting a system of representative parties, ending the dominance over representation by such sectors as the communications media and business that, erroneously assumed, had produced disastrous results: this was well demonstrated in the April coup of 2002.

An equally relevant result of the referendum is that it managed to neutralize, and even isolate, the most radical sectors in the government as well as in the opposition, and the practitioners of violence who represented factors active not only in the governing crises in recent years, but also in their constant appeal to activities concerned with overthrow and the rejection of democratically instituted rules.

In conclusion, two negative post-referendum aspects need to be brought out. The first refers to the victory that chavism had in correlation with the strengths of the Venezuelan political system. Between the second half of 2004 and the second of 2005, legislative elections were conducted at all levels (representatives, state and national representatives), as well as executive elections for mayors and governors that also took place. In turn, the presidential election was scheduled for the end of 2006. Within this scenario, the political and psychological impact of Chavez's victory in the referendum might cause the political system to turn less pluralistic in regard to the representation of the different political forces, causing an excessive concentration in the executive and legislative bureaucracy - which is certainly legitimate if it is a result of the popular will, however undesirable it may be from the point of view of plurality and counterbalancing of political forces in the system. In this regard one warning sign was that chavism and its allied sectors obtained victories in the 2004 elections for governor that took place in twenty of the 22 government contests, less than two months after the presidential referendum.

The second troubling aspect, and this became obvious by the referendum's result, was the continued absence of an opposition proposal with, as a first condition, the renewal of the *puntofijismo* sector that had once widely dominated Venezuelan political life. In the absence of a renewed board of directors of the opposition, all that remains of this opposition is its appeal for discussions of political survival, such as the accusation of referendum fraud,



*Youth wearing military clothing as an allusion to the Venezuelan president during a march in Caracas.*

which reduced its credibility among its own internal bases and condemned it to international isolation, at least in Latin America, providing, once more, assistance in the consolidation of chavism as the only dominant force in Venezuela.

## Conclusion

Through the combination of effective use of the instruments of political and social action by Hugo Chávez and the Venezuelan opposition's own mistakes, the Chavist position was consolidated as the dominating force in Venezuela. The political emergence of Chávez represents, in the political history of democratic Venezuela that began in 1958, an indisputable dividing line. Analyzing the behavior and strategies of the principal political actors in the Chávez period, above all starting in 2001 until the referendum, it is possible to realize the meaning of Schumpeter's statement, that democracy represents "a political method," a "certain type of institutional arrangement for reaching political decisions," to the extent that it is possible to observe that it was not treated at any moment as an end in itself by the Venezuelan actors of the Chávez period, but on the other hand, as an instrument.

In other words, democracy between the years 2001 and 2003 did not seem a priority goal, given that the participating factions in the conflict did not have as a plan tolerating each others' positions and differences, in such a way as to reach a democratic solution. The result is that the institutions, the principal channel by which conflicts are transmitted and processed, wound up becoming instruments in favor of the factions' partisan positions.

## Notes

- 1 Among these smaller parties we find the Republican Democratic Union, which in its principal leadership was Jóvito Villalba, ideologically located in the cultured part of the center-right.
  - 2 The most obvious symptom of the total loss of traditional party prestige was the fact that the major politicians of the AD and Copei parties abandoned their candidates in the last months of the 1998 general election and went on to support the candidacy of Salas Feo, who neither belonged to one of these two parties nor to any other small traditional party
  - 3 Venezuela occupied 75th place on the 2005 United Nations Index of Human Development (IDH) list, only ranking higher than countries like Peru, Paraguay and Bolívia.
- Religitimation* was the act by which all the elected positions in the 1998 elections, from president to major city representatives, underwent an electoral ratification process.
- 5 See <http://www.cne.gov.ve/resultados/>, 9/14/2005 consulted.
  - 6 See <http://www.cne.gov.ve/resultados/>, 9/14/2005 consulted.

- 7 Central Bank is autonomous in Venezuela.
- 8 Ver <http://www.bcv.org.ve>.
- 9 Ver <http://www.cne.gov.ve/resultados/>, 9/17/2005 consulted.

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*ABSTRACT* - The democratic era in Venezuela dates from 1958. With the Hugo Chávez Administration, the nation has experienced a true breach in its national political scene. Therefore it now becomes possible to identify a democratic Venezuela pre- and post-Chavez. This article attempts to analyze the variables of political and institutional change in Venezuela at four specific moments in time: first, during the rise and fall of the Punto Fijo Pact; second, the build-up of the Chavista phenomenon; third, the social and political polarization in Venezuela during the Chavez Administration; and finally, Venezuela after the presidential referendum.

*KEYWORDS* - Hugo Chávez, Punto Fijo, Political and Social Polarizations, Referendum.

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