Venezuela: The Agony of Twenty First Century Socialism

Dave Stockton, redflagonline Fri, 25/11/2016 - 03:10
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Venezuela, home of the ?socialism of the twenty first century? of charismatic President Hugo Chávez, has, under his successor Nicolás Maduro, experienced a spectacular economic and political car crash. The country has a negative growth rate of 8 percent; the world?s highest inflation rate, 482 percent, and an unemployment rate of 17 per cent and rising. Basic weekly groceries needed for a family increased by more than 25 per cent in March and April alone, 22 times the minimum wage for state employees.

A major reason for this catastrophe is obvious. It lies with Venezuela?s blessing and curse ? oil. Oil prices up to the onset of the Great Depression, 2008, were historically high. Chávez, by taking control of the oil industry, hitherto a cash cow for foreign multinationals and the country?s wealthy elite, redirected its resources into social housing, education, healthcare.

He nationalised 1,200 private companies, instituting forms of workers' participation in their management, though most of these schemes did not long survive and certainly did not mean workers' control over production.

However, some reforms, implemented by special commisiones rather than the corrupt old state institutions, were indeed major gains for the poor. When Hugo Chavez was elected in 1998, half of Venezuelans lived in poverty. By 2012, World Bank data show this figure had dropped to 25 percent. This increase in the living standards of the masses was remarkable. But these remained changes in the sphere of consumption and did not fundamentally alter how social wealth was produced and who planned and directed it. In this sense, these gains could be undermined by a fall in state revenues and rises in prices- precisely what has happened over the last few years.

In the context of an international and national economy dominated by big capital, and with agriculture still firmly in the hands of big landowners and entrepreneurs, this could not produce a self-sustaining or a balanced national economy. In the years up to 2008, it made some steps towards diversification but the 2008-10 world crisis, followed by a severe recession in the BRICs, halted this.

Since then, Venezuela has become more and more dependent on foreign imports, especially for food and other consumer goods. With the collapse of the oil price to record lows, by 50 percent in 2015 alone, the government printed money to fill the gaping hole in state revenues with the result that inflation took off and the shops emptied as those who could, hoarded.

This was a golden opportunity for the country?s capitalist class to try to oust Maduro with popular support. Middle class pot-bangers took to the streets, led by élite politicians always bitterly hostile to Chávismo. But, as the economic crisis deepened, a real mass movement, the Democratic Unity Round Table, MUD in its Spanish acronym, developed on the streets, willing to use violent provocation, and backed via the US
Embassy, White House and the CIA.

In 2015, the Obama administration accused Maduro of corruption and violating human rights, hypocrisy if you compare his total silence on the murderous repression of Egypt's dictator Abdel Fattah el-Sisi. Nevertheless it is true that repression against the opposition by Maduro, including declaring a state of emergency, did not solve but rather exacerbated the situation and that sections of the Chávista party, the PSUV bureaucracy, have engaged in shameless clientelism. Such behaviour has inevitably undermined the huge popular majority that originally backed Chávez and his reforms.

The pre-Chávez trade union movement was tied to the parties of the old élite and formed a sort of labour aristocracy. Under Chávez, new unions were built. But the populist President soon fell out with them when they criticised the new ?Bolivarian bourgeoisie? who took over many of the purged businesses or managed the state enterprises. At the time of his foundation of the PSUV, he demagogically misquoted Rosa Luxemburg against the autonomy of the trade unions;

"In revolution, trade unions must disappear ... trade unions were born with the same poison of autonomy. The trade unions can not be independent, we should finish with that?.
(Hugo Chávez speech at the launch of the PSUV. Caracas, March 24, 2007).

Bitter disputes broke out at the nationalised steel company Sidor and with the state employees' union over wages. Under Maduro, things became even worse, with repeated clashes with the trade unionised working class.

The working masses and the urban poor could no longer be relied on to see off the opposition for they too were suffering badly from the inflation, the rampant black market etc. Maduro is now heartily hated both from the left and the right.

MUD won last year's congressional elections by a landslide. Chávez' bonapartist constitution, with the presidency elected for seven years, means the only way MUD can get rid of Maduro is via a recall referendum. Even if successful, Maduro's vice-president would succeed him.

For those suffering from the crisis, the women in the long queues, workers unable to buy the basics, the failure of price controls and the utter inadequacy of special rations for the poorest, mean that the country is heading for a showdown. The danger is that the right will continue to hegemonise the protests and that eventually sections of the army, hitherto still loyal to the legacy of Hugo Chávez, will intervene with a coup.

Plainly, the strategy of Hugo Chávez has failed the test of fighting ?the capitalism and imperialism of the twenty century?. It has done so because, for all its revolutionary rhetoric, it was insufficiently revolutionary, indeed, it was reformist. And twenty first century reformism has every single weakness of twentieth century reformism. Only the label on the tin has changed. By not seizing control of the large-scale means of production, banks, media etc., by not dissolving the army and police forces into a mass people's militia of which the core was the working class, Chavismo has prepared its own inevitable downfall.

Its initial reforms were indeed substantial and need to be defended to the end against the exploiting parasites of the élite, the IMF etc. But this can only be done if the working class, the urban poor and the youth, break free from the control of Maduro and the PDPA bureaucracy and demand forceful anticapitalist measures to address the crisis and lay the foundations of a workers' government that can crush the counterrevolution with mass action.