



Venezuela: Chávez new crisis budget is an attack on the poor

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In April, several militants were expelled from the United Socialist Party of Venezuela (PSUV) in Tachira state (see info at end). This article from Workes Power's April issue pointed out that this was a possibility given that Chavez's March budget attacked the poorer sections of society rather than the bosses.

Hugo Chavez has nationalised more companies but also produced a budget that attacks workers. Venezuelan workers should demand anti-capitalist policies, writes Keith Spencer.

Hugo Chavez recently won the right to stand for president for more than two terms in a referendum where the Chavista movement organised thousands of "Yes" committees to deliver the vote. Now, confident in his support (he is running at 70 per cent approval in opinion polls), Chavez ordered the nationalisation of three rice-processing plants and a subsidiary of Spain's Bank of Santander. He sent troops in to take over the airports, ship ports and roads.

Chavez said: "I have entrusted myself with putting the foot down on the accelerator of the revolution, of the social and economic transformation of Venezuela."

Yet inflation is running at 30 per cent, while growth in GDP has fallen from eight per cent to just over two per cent - a dangerous combination that could shrink the economy. Chavez has often blamed inflation on speculators and last year there were cases of food hoarding, which pushed up the price of staples such as rice. Taking control of the transportation and distribution network will help crack down on speculation and illegal exports.

But will these measures be enough to stop the recession inflicting misery on the mass of Venezuelan society?

Venezuela and the global crisis

Chavez's reforms over the past 10 years have depended on high oil prices. Oil accounts for about half of the national budget and more than 90 per cent of state exports. It has paid for the misiones - the medical, educational and cheap food programmes for the masses which have made steps forward in reducing poverty and illiteracy and improving health.

Now the oil price has fallen dramatically to US\$40 per barrel. This is reflected in the new national budget that includes:

- * A 6.7 per cent cut in state spending, which Chavez claims will come from cuts in luxury spending by state departments.
- * An increase in VAT from nine per cent to 12 per cent.
- * A 20 per cent increase in the minimum wage.
- * Increases in government borrowing by 13.6 per cent of GDP.

This is a capitalist budget that increases taxes on the poor and cuts services. There is no talk of making inroads into private property, putting industries under workers' control, or increasing taxes on profits and wealth. Venezuela may have a large social wage - cheap food and fuel, free health care and education - but the minimum wage increase is significantly lower than inflation.

The state of the working class

The global slowdown has already hit Venezuela with widespread lay-offs and disputes.

Recently there was a bitter struggle in the Mitsubishi car plant in Anzoategui State. Workers occupied the plant for two months, calling for better wages and conditions and an end to outsourcing with no loss of jobs. They were faced with violent police repression, which killed two trade unionists, and a government intent on forcing through a deal. In March, the workers accepted a deal, brokered by the Vice Minister of Popular Power and Social Security, Ricardo Dorado, which achieved some demands but failed to end outsourcing.

The same month 1,600 workers occupied a Toyota plant. Again the government stepped in to negotiate an agreement.

These two disputes typify the problems with the Chavez government. While it talks about socialism, it pursues a deal that allows Japan to drill for oil in the Orinoco Delta and forces through a settlement in the Mitsubishi occupation. This is part of a pattern, also shown last year in the struggle, which faced government inaction and even obstruction, for the successful takeover of the Sidor aluminium plant.

A workers' party

The Venezuelan United Socialist Party (PSUV), launched in the summer of 2006, was hailed as an instrument for the socialist transformation of society. However, bureaucratic rule has apparently withered the base of the party.

There is now talk of a re-launch, with a recruitment drive and a clean-up of the party list. This aims to incorporate of the thousands of "Yes" committees and transform them into socialist committees.

If this re-launch is a genuine attempt to incorporate the workers and poor, allows full freedom of political expression and debate about strategy tactics, and begins to organise the actions necessary to bring about socialism, then it is to be welcomed. But if the "clean up of party lists" is a purge and the incorporation of the "Yes" committees a way of weakening grassroots democracy then it must be fought, otherwise the PSUV will be a weapon against the working class in the coming struggles.

Chavez has managed a delicate balancing act between the masses and the minority capitalist class over the past 10 years. But the free market cannot exist for long alongside state control and the recession will greatly increase all the contradictions of the Chavista movement. It will lead to more lay-offs, sparking struggles on a greater scale and bringing workers up against the state.

The workers and poor will need to fight this by forming councils in the factories and shanty towns. These could be used to organise occupations and strikes, the people against the police and armed thugs.

But the working class must also fight for a workers' party, independent of Chavez and the bureaucracy, which may be formed from within or without the PSUV, or a combination of both.

If revolutionaries enter the "re-launched" PSUV then they must openly argue for a revolutionary party that fights to take power from the capitalists. While this may lead to expulsion, it is a strategy to gain a mass hearing for revolutionary politics. Entry work in the PSUV needs to be combined with an orientation to the trade unions leading struggles against sackings, sub-contraction and other capitalist attacks.

This party must make the working class and its allies conscious of the capitalist nature of the state and show the way forward to victory. It must fight to smash the police and to break up the army, winning its best elements away from the generals, and to nationalise the economy under workers' control, putting in place a socialist plan of production that will defeat the market and bring benefits for all.

More on expulsions at <http://www.aporrea.org/ddhh/n133060.html> [1]

Links:

[1] <http://www.aporrea.org/ddhh/n133060.html>