

# Venezuelan Referendum: A Post-Mortem and its Aftermath

By [Prof. James Petras](#)

Region: [Latin America & Caribbean](#)

Global Research, December 05, 2007

5 December 2007

Venezuela's constitutional reforms supporting President Chavez's socialist project were defeated by the narrowest of margins: 1.4% of 9 million voters. The result however was severely compromised by the fact that 45% of the electorate abstained, meaning that only 28% of the electorate voted against the progressive changes proposed by President Chavez. While the vote was a blow to Venezuela's attempt to extricate itself from oil dependence and capitalist control over strategic financial and productive sectors, it does not change the 80% majority in the legislature nor does it weaken the prerogatives of the Executive branch. Nevertheless, the Right's marginal win does provide a semblance of power, influence and momentum to their efforts to derail President Chavez' socio-economic reforms and to oust his government and/or force him to reconcile with the old elite power brokers.

Internal deliberations and debates have already begun within the Chavista movement and among the disparate oppositional groups. One fact certain to be subject to debate is why the over 3 million voters who cast their ballots for Chavez in the 2006 election (where he won 63% of the vote) did not vote in the referendum. The Right only increased their voters by 300,000 votes; even assuming that these votes were from disgruntled Chavez voters and not from activated right-wing middle class voters that leaves out over 2.7 million Chavez voters who abstained.

## Diagnosis of the Defeat

Whenever the issue of a socialist transformation is put at the top of a governmental agenda, as Chavez did in these constitutional changes, all the forces of right-wing reaction and their ('progressive') middle class followers unite forces and forget their usual partisan bickering. Chavez' popular supporters and organizers faced a vast array of adversaries each with powerful levers of power. They included:

- 1) numerous agencies of the US government (CIA, AID, NED and the Embassy's political officers), their subcontracted 'assets' (NGO's, student recruitment and indoctrinations programs, newspaper editors and mass media advertisers), the US multi-nationals and the Chamber of Commerce (paying for anti-referendum ads, propaganda and street action);
- 2) the major Venezuelan business associations FEDECAMARAS, Chambers of Commerce and wholesale/retailers who poured millions of dollars into the campaign, encouraged capital flight and promoted hoarding, black market activity to bring about shortages of basic food-stuffs in popular retail markets;
- 3) over 90% of the private mass media engaged in a non-stop virulent propaganda campaign made up of the most blatant lies - including stories that the government would

seize children from their families and confine them to state-controlled schools (the US mass media repeated the most scandalous vicious lies - without any exceptions);

4) The entire Catholic hierarchy from the Cardinals to the local parish priests used their bully platforms and homilies to propagandize against the constitutional reforms - more important, several bishops turned over their churches as organizing centers to violent far right-wing resulting, in one case, in the killing of a pro-Chavez oil worker who defied their street barricades.

The leaders of the counter-reform quartet were able to buy-out and attract small sectors of the 'liberal' wing of the Chavez Congressional delegation and a couple of Governors and mayors, as well as several ex-leftists (some of whom were committed guerrillas 40 years ago), ex-Maoists from the 'Red Flag' group and several Trotskyists trade union leaders and sects. A substantial number of social democratic academics (Edgar Lander, Heinz Dietrich) found paltry excuses for opposing the egalitarian reforms, providing an intellectual gloss to the rabid elite propaganda about Chavez 'dictatorial' or 'Bonapartist' tendencies.

This disparate coalition headed by the Venezuelan elite and the US government relied basically on pounding the same general message: The re-election amendment, the power to temporarily suspend certain constitutional provisions in times of national emergency (like the military coup and lockouts of 2002 to 2003), the executive nomination of regional administrators and the transition to democratic socialism were part of a plot to impost 'Cuban communism'. Right-wing and liberal propagandists turned unlimited re-election reform (a parliamentary practice throughout the world) into a 'power grab' by an 'authoritarian'/'totalitarian'/'power-hungry' tyrant according to all Venezuelan private media and their US counterparts at CBC, NBC, ABC, NPR, New York and Los Angeles Times, Washington Post. The amendment granting the President emergency powers was de-contextualized from the actual US-backed civilian elite-military coup and lockout of 2002-2003, the elite recruitment and infiltration of scores of Colombian paramilitary death squads (2005), the kidnapping of a Venezuelan-Colombian citizen by Colombian secret police (2004) in the center of Caracas and open calls for a military coup by the ex-Defense Minister Baduel.

Each sector of the right-wing led counter-reform coalition focused on distinct and overlapping groups with different appeals. The US focused on recruiting and training student street fighters channeling hundreds of thousands of dollars via AID and NED for training in 'civil society organization' and 'conflict resolution' (a touch of dark humor?) in the same fashion as the Yugoslav/Ukrainian/Georgian experiences. The US also spread funds to their long-term clients - the nearly defunct 'social democratic' trade union confederation - the CTV, the mass media and other elite allies. FEDECAMARAS focused on the small and big business sectors, well-paid professionals and middle class consumers. The right-wing students were the detonators of street violence and confronted left-wing students in and off the campuses. The mass media and the Catholic Church engaged in fear mongering to the mass audience. The social democratic academics preached 'NO' or abstention to their progressive colleagues and leftist students. The Trotskyists split up sectors of the trade unions with their pseudo-Marxist chatter about "Chavez the Bonapartist" with his 'capitalist' and 'imperialist' proclivities, incited US trained students and shared the 'NO' platform with CIA funded CTV trade union bosses. Such were the unholy alliances in the run-up to the vote.

In the post-election period this unstable coalition exhibited internal differences. The center-right led by Zulia Governor Rosales calls for a new 'encounter' and 'dialogue' with the 'moderate' Chavista ministers. The hard right embodied in ex-General Baduel (darling of sectors of the pseudo-left) demands pushing their advantage further toward ousting President-elect Chavez and the Congress because he claimed "they still have the power to legislate reforms"! Such, such are our democrats! The leftists sects will go back to citing the texts of Lenin and Trotsky (rolling over in their graves), organizing strikes for wage increases...in the new context of rising right-wing power to which they contributed.

Campaign and Structural Weakness of the Constitutional Reformers The Right-wing was able to gain their slim majority because of serious errors in the Chavista electoral campaign as well as deep structural weaknesses.

Referendum Campaign:

1) The referendum campaign suffered several flaws. President Chavez, the leader of the constitutional reform movement was out of the country for several weeks in the last two months of the campaign - in Chile, Bolivia, Colombia, France, Saudi Arabia, Spain and Iran) depriving the campaign of its most dynamic spokesperson.

2) President Chavez got drawn into issues which had no relevance to his mass supporters and may have provided ammunition to the Right. His attempt to mediate in the Colombian prisoner-exchange absorbed an enormous amount of wasted time and led, predictably, nowhere, as Colombia's death squad President Uribe abruptly ended his mediation with provocative insults and calumnies, leading to a serious diplomatic rupture. Likewise, during the Ibero-American summit and its aftermath, Chavez engaged in verbal exchange with Spain's tin-horn monarch, distracting him from facing domestic problems like inflation and elite-instigated hoarding of basic food stuffs.

Many Chavista activists failed to elaborate and explain the proposed positive effects of the reforms, or carry house-to-house discussions countering the monstrous propaganda ('stealing children from their mothers') propagated by parish priests and the mass media. They too facily assumed that the fear-mongering lies were self-evident and all that was needed was to denounce them. Worst of all, several 'Chavista' leaders failed to organize any support because they opposed the amendments, which strengthened local councils at the expense of majors and governors.

The campaign failed to intervene and demand equal time and space in all the private media in order to create a level playing field. Too much emphasis was placed on mass demonstrations 'downtown' and not on short-term impact programs in the poor neighborhoods -solving immediate problems, like the disappearance of milk from store shelves, which irritated their natural supporters.

Structural weaknesses There were two basic problems which deeply influenced the electoral abstention of the Chavez mass supporters: The prolonged scarcity of basic foodstuffs and household necessities, and the rampant and seemingly uncontrolled inflation (18%) during the latter half of 2007 which was neither ameliorated nor compensated by wage and salary increases especially among the 40% of self-employed workers in the informal sector.

Basic foodstuffs like powdered milk, meat, sugar, beans and many other items disappeared from both the private and even the public stores. Agro-businessmen refused to produce and

the retail bosses refused to sell because state price controls (designed to control inflation) lessened their exorbitant profits. Unwilling to 'intervene' the Government purchased and imported hundreds of millions of dollars of foodstuffs - much of which did not reach popular consumers, at least not at fixed prices.

Partially because of lower profits and in large part as a key element in the anti-reform campaign, wholesalers and retailers either hoarded or sold a substantial part of the imports to black marketers, or channeled it to upper income supermarkets.

Inflation was a result of the rising incomes of all classes and the resultant higher demand for goods and services in the context of a massive drop in productivity, investment and production. The capitalist class engaged in disinvestment, capital flight, luxury imports and speculation in the intermediate bond and real estate market (some of whom were justly burned by the recent collapse of the Miami real estate bubble).

The Government's half-way measures of state intervention and radical rhetoric were strong enough to provoke big business resistance and more capital flight, while being too weak to develop alternative productive and distributive institutions. In other words, the burgeoning crises of inflation, scarcities and capital flight, put into question the existing Bolivarian practice of a mixed economy, based on public-private partnership financing an extensive social welfare state. Big Capital has acted first economically by boycotting and breaking its implicit 'social pact' with the Chavez Government. Implicit in the social pact was a trade off: Big Profits and high rates of investment to increase employment and popular consumption. With powerful backing and intervention from its US partners, Venezuelan big business has moved politically to take advantage of the popular discontent to derail the proposed constitutional reforms. It's next step is to reverse the halting momentum of socio-economic reform by a combination of pacts with social democratic ministers in the Chavez Cabinet and threats of a new offensive, deepening the economic crisis and playing for a coup.

#### Policy Alternatives

The Chavez Government absolutely has to move immediately to rectify some basic domestic and local problems, which led to discontent, and abstention and is undermining its mass base. For example, poor neighborhoods inundated by floods and mudslides are still without homes after 2 years of broken promises and totally inept government agencies.

The Government, under popular control, must immediately and directly intervene in taking control of the entire food distribution program, enlisting dock, transport and retail workers, neighborhood councils to insure imported food fills the shelves and not the big pockets of counter-reform wholesalers, big retail owners and small-scale black marketers. What the Government has failed to secure from big farmers and cattle barons in the way of production of food, it must secure via large-scale expropriation, investment and co-ops to overcome business 'production' and supply strikes. Voluntary compliance has been demonstrated NOT TO WORK. 'Mixed economy' dogma, which appeals to 'rational economic calculus', does not work when high stake political interests are in play.

To finance structural changes in production and distribution, the Government is obligated to control and take over the private banks deeply implicated in laundering money, facilitating capital flight and encouraging speculative investments instead of production of essential goods for the domestic market.

The Constitutional reforms were a step toward providing a legal framework for structural reform, at least of moving beyond a capitalist controlled mixed economy. The excess 'legalism' of the Chavez Government in pursuing a new referendum underestimated the existing legal basis for structural reforms available to the government to deal with the burgeoning demands of the two-thirds of the population, which elected Chavez in 2006.

In the post-referendum period the internal debate within the Chavez movement is deepening. The mass base of poor workers, trade unionists and public employees demand pay increases to keep up with inflation, an end to the rising prices and scarcities of commodities. They abstained for lack of effective government action - not because of rightist or liberal propaganda. They are not rightists or socialist but can become supportive of socialists if they solve the triple scourge of scarcity, inflation and declining purchasing power.

Inflation is a particular nemesis to the poorest workers largely in the informal sector because their income is neither indexed to inflation as is the case for unionized workers in the formal sector nor can they easily raise their income through collective bargaining as most of them are not tied to any contract with buyers or employers. As a result in Venezuela (as elsewhere) price inflation is the worst disaster for the poor and the reason for the greatest discontent. Regimes, even rightist and neo-liberal ones, which stabilize prices or sharply reduce inflation usually secure at least temporary support from the popular classes. Nevertheless anti-inflationary policies have rarely played a role in leftist politics (much to their grief) and Venezuela is no exception.

At the cabinet, party and social movement leadership level there are many positions but they can be simplified into two polar opposites. On the one side, the pro-referendum dominant position put forth by the finance, economy and planning ministries seek cooperation with private foreign and domestic investors, bankers and agro-businessmen, to increase production, investment and living standards of the poor. They rely on appeals to voluntary co-operation, guarantees to property ownership, tax rebates, access to foreign exchange on favorable terms and other incentives plus some controls on capital flight and prices but not on profits. The pro-socialist sector argues that this policy of partnership has not worked and is the source of the current political impasse and social problems. Within this sector some propose a greater role for state ownership and control, in order to direct investments and increase production and to break the boycott and stranglehold on distribution. Another group argues for worker self-management councils to organize the economy and push for a new 'revolutionary state'. A third group argues for a mixed state with public and self-managed ownership, rural co-operatives and middle and small-scale private ownership in a highly regulated market.

The future ascendance of the mixed economy group may lead to agreements with the 'soft liberal' opposition - but failing to deal with scarcities and inflation will only exacerbate the current crisis. The ascendance of the more radical groups will depend on the end of their fragmentation and sectarianism and their ability to fashion a joint program with the most popular political leader in the country, President Hugo Chavez.

The referendum and its outcome (while important today) is merely an episode in the struggle between authoritarian imperial centered capitalism and democratic workers centered socialism.

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Prof. James Petras](#)

**Disclaimer:** The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: [publications@globalresearch.ca](mailto:publications@globalresearch.ca)

[www.globalresearch.ca](http://www.globalresearch.ca) contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: [publications@globalresearch.ca](mailto:publications@globalresearch.ca)