

# OIL STATE IN REVOLT: Chávez, Venezuela and US Reaction

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## 1. INTRODUCTION

With a population of 24.5 million, Venezuela ranks as the sixth largest oil producer in the world, and thus occupies a crucial space in the geopolitics of American Empire. Only 3 hours by plane (2198 km) from Miami, Venezuela has been one of the primary sources of oil for the US since the early 20<sup>th</sup> century (see Table 1). US policy towards the country has centered on securing a steady flow of oil -- by pushing for increased US corporate investment in the sector, and by cultivating a class of elite Venezuelans in both government and civil society.

To say that oil is the Venezuelan state's lifeblood is a great understatement. Petroleum accounts for about 80 percent of Venezuela's total exports, roughly half of government revenues, and around 20 percent of GDP. The industry was nationalized in 1976 after a half-century of growing state boldness in the assertion of its eminent domain over subsurface natural resources. While policy-makers hoped that nationalization would facilitate revenue collection and thus the spending priorities of a developmentalist state, the consequence was instead vast autonomy for the state oil company and the increasing fiscal asphyxiation of the Venezuelan state. Given the centrality of oil to any discussion of Venezuela, the first part of this paper gives the general outlines of the evolution of the country's oil policy.

Since Hugo Chávez's election in 1998, one of his primary goals has been to reverse this decline in revenue collection and to address the related political and institutional impediments to a more active state role as landlord and guarantor of national development. The Chávez administration has tried to do this in a country with the most disastrous growth failure of the last two decades in Latin America --economic growth rates of negative 18 percent over the 1990-2000 period, as compared with positive 17 percent over the previous 20 years (Weisbrot 2000).

Additionally, the Chávez Administration seeks to protagonize an international movement for a "multipolar world", pitting it squarely against the Bush Administration in regional politics, trade negotiations, and security debates. The Bush Administration in turn supported an April 2002 coup against Chávez, and uses its contacts in the international media to misinform and intervene in the internal affairs of Venezuela. In the national sphere, the US government is aided greatly by the opposition's control over the media, Chambers of Commerce and labor unions.

The success of the global struggle against neo-liberalism and imperialism will depend on the ability of counter-hegemonic efforts to survive and present compelling alternatives to neo-liberal globalization. Part of this struggle necessarily involves defending state actors who are able to harness the power of the state apparatus for development and to show the possibility of pursuing more independent paths. Like other instances in the hemisphere's history, the US Empire is most threatened by the power of example of successful, independent states. International solidarity is crucial to the ongoing success of this democratic, development-oriented example.

**This essay first traces the evolution of Venezuela's oil industry, then goes on to detail the current government's attempts to harness that industry in the service of national development. After examining the obstacles the government has faced, the essay concludes that the attempts of US imperialism to hamper the implementation of a national development project have been undermined by the institutional decay that pervades**

**Venezuela's traditional institutions. This scenario constitutes an ironic reversal of the events of the 1980s, in which such decay proved disastrous for anti-imperialist developmentalist projects across the Third World.**

## **2. THE BUILDING AND DISMANTLING OF THE LANDLORD STATE<sup>2</sup>**

Venezuelan oil history can be best summarized as an ongoing struggle to establish the state's landlord status and its taxation and regulatory rights over a natural resource in its imminent domain, a struggle waged against the liberalizing tendencies of a national elite and US imperial interests. At the beginning of the 21<sup>st</sup> century, the Chávez administration is confronting the hollowing out of its "proprietary governance structure". In Bernard Mommer's words, "proprietary governance grants access to lands only if expected profits and fiscal revenues are considered satisfactory by both investors and natural resource owners" (2002, p. 95). Both parties are more likely to produce barrels of oil when profits can accrue to the investor and customary ground rent to the natural resource owner. This depends on efficient regulation and information collection that minimize transaction costs for both parties. Every tax or royalty structure carries transaction and efficiency costs<sup>3</sup>, so proprietary governance for a developing country is ultimately about having an approach flexible enough to improve the international distribution of income.

From the beginning, Venezuela—like other Latin American countries—has operated under a system that acknowledged the national (both state and private) ownership of the subsoil, an inheritance from Iberian legal custom. The appropriate governance structures were much slower to develop, however, as Venezuelan oil exploration and extraction was leased out in the form of international oil concessions. The French liberal tradition heavily influenced this process, and thus the state collected very little in the way of taxes or royalties. In 1917, the industry began exporting, and development-minded policy makers within the Juan Vicente Gomez dictatorship began to propose a more robust governance of the nation's subsoil, affording the state increased taxation and regulatory rights.

There were three tendencies within the Gomez administration: first, those looking northward saw in Mexico a model of oil industry regulation that tried to organize the interests of small, dispersed national landlords to maximize the benefit to private citizens from oil concessions, with concessions dealers as intermediaries; others looked to the US as a model, where the state negotiated directly with international oil companies; third, rent-seeking interests in the Gomez family sought to enrich themselves by selling concessions. At the root of these discussions was how much sovereignty a developing country could exert over its subsoil; what imminent domain rights meant; and what kind of governance would maximize ground rent to the sovereign landlord.

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<sup>2</sup> This section is based largely on the accounts in Mommer 2002, and Ellner 2003a.

<sup>3</sup> Mommer gently suggests a flexible royalty arrangement, which can sustain the government through exploration phases in more marginal fields (that nevertheless can help recoup investment while minimizing private disincentives to underexplore). This arrangement is superior to a profit sharing arrangement as well, which entails surveillance costs that no oil regulator can totally absorb, profit losses that most companies will not want to deal with; and gains to be made from high prices rather than high volumes. Raising rent, on the other hand, is practically costless for a sovereign landlord.

The outcome was a mix of all of these models, with the concession dealing trades surviving, along with a combination of state-organized and direct state bargaining with the international oil companies. The net result of this hodge podge of regulatory models was a proliferation of small concessions to varied international and national oil companies. These concessions to national companies ultimately wound up in the hands of international capital, as multinationals bought-out their national competition. Under this system, the state collected moderate taxes and royalties, and small landlords received little, in the end losing out to larger interests.

By 1928, Venezuela overtook Mexico as the world's biggest oil exporter, and became the second largest producer after the US. By this time, a Department of Energy and Mines (MEM) had been created within the Ministry of Development, and was tasked with the regulatory and tax collection responsibilities *vis à vis* the international oil companies. Developmentalist tendencies were given even more breathing room with the 1935 death of the Dictator Gomez and the formation of new political parties and trade unions influenced by the rise of developmentalism throughout the hemisphere.

By 1943, in the midst of the Second World War, Venezuela was able to obtain President Roosevelt's backing for a hike in the royalty rate payed by Standard Oil, Shell and Gulf Oil, which together owned nearly all concessions in the country by that point. The 1943 Petroleum Reform law ended the concessions dealing trade and afforded the state a more direct bargaining role in the political economy of the industry. Venezuela benefited from the worldwide increase in income tax rates, as it was able to justify increasing rates on these companies. The new political parties, *Acción Democrática* and *COPEI*, actively debated oil policy, and the former, in the person of Rómulo Betancourt, exiled for years as a dissident, and with significant connections to the Rockefeller Family, settled on a 50-50 profit sharing between the international oil concessionaires and the sovereign landlord. The companies were relatively willing to accept this agreement in the mid 1950s, as sovereign taxation was reduced in exchange. The companies understood that the arrangement would allow them to disguise profits and under-report volumes, and then give the government around 50 percent of whatever crumbs were left over after the accounting tricks. Venezuela, once a relatively obscure outpost, became central to the international oil companies' accumulation strategies<sup>4</sup>.

By the 1970s, the industry was suffering from under investment as the state claimed progressively larger profit and revenue shares, and the new political rallying cry became "An end to oil concessions!" In 1976, the oil industry was nationalized and *Petroleos de Venezuela, S.A.* (PDVSA) was created. This was a holding company that oversaw all the former concessions as eleven sub-departments. Regarding the unintended effects of nationalization, Mommer observes:

The formal set up of nationalization weakened the Ministry of Energy and Mines (MEM) institutionally. Perhaps, more importantly, nationalization also weakened the Ministry politically. MEM no longer had to deal with foreign concessionaires but with a national oil company. Until then the cause of the natural resource owner had been the national cause, whereas the cause of the producing companies and consumers had been a foreign one. This difference became blurred with nationalization. The nationalized industry had won privileged access to Miraflores and, by the same token, to the political parties and the media. It was thus enabled to make its case, and it was no longer a foreign case. Discounts on market prices could now be seen in a different light, a strategy to conquer markets for truly Venezuelan oil. Similarly, whatever

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<sup>4</sup> For more details on the implications of the 50-50 split, see Mommer 2002.

hampered the free flow of investment could be seen as an obstruction to the development of the national oil company and ultimately, to national development generally. No longer were foreign companies and consumers to be blamed for submitting Venezuelan oil to their strategies of prices and volumes; instead OPEC could be blamed (Mommer 2002, 207).

And PDVSA would use all of its institutional autonomy to create a “state within a state”. When the 1982 debt crisis hit, and oil prices had fallen through the floor, the government raided PDVSA’s \$5 billion reserve investment fund in order to maintain expenditure levels. In response, PDVSA began an internationalization policy, whereby all profits would be re-invested in the form of long term supply contracts abroad. This culminated in CITGO, a US network of refineries and 14,000 gas stations wholly owned by PDVSA. Furthermore, PDVSA eventually converted most of its contracts into debt relationships, meaning any subsequent attempt by the Venezuelan state to take over the operations would imply a full paying down of outstanding debts. PDVSA thus began a long-term strategy of revenue deprivation of the state<sup>5</sup>.

This bizarre form of nationalization also led oddly to the return in the 1990s of foreign investors, who came back under the aegis of “operating service agreements” (OSAs), which as of 2000 accounted for 25 percent of Venezuelan oil production. Designated as “service providers”, these extractive companies passed on rent and royalty responsibilities to PDVSA as the holding company, and were only responsible for non-oil taxation.

Ostensibly returning to exploit the most marginal fields, these foreign companies found the entire regulatory regime re-suited to their interests. In the event of legal disputes, the companies could choose Venezuelan or international arbitration. If the return on their investment fell below a certain guaranteed rate, they would receive compensation from PDVSA. The exploration and exploitation depths permitted by the contract were refashioned to the depth that was profitable to them. Furthermore, their specialization in synthetic crudes meant that these OSAs were not as strictly constrained by OPEC quota obligations.

By February 1999, the consequences of broken OPEC quotas came home to roost, as oil prices reached a 50 year low. One of President Chávez’s first acts in office was to appoint Ali Rodríguez Araque, a longtime opponent of PDVSA’s internationalization strategy and of 50-50 profit sharing, to head the MEM. Through legislation, Rodríguez has been able to increase the royalty rate, clean up oil sector accounting, and outlaw “transfer prices” (i.e. the price PDVSA charges CITGO and other affiliates) as the tax reference price. In September 2000, the Chávez Administration convened the second ever OPEC Heads of State meeting in Caracas, and spent a great deal of time building up the organization and its alliance with non-member countries like Mexico and Russia. Internationally, this strategy worked, as oil prices recovered and countries began to follow their OPEC quotas.

Domestically, however, the attempt to gain a greater state share of PDVSA revenue was met with many institutional difficulties. The MEM had suffered from decades of neglect—it performed few meaningful regulatory functions and its most competent personnel moved to

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<sup>5</sup> Meanwhile, as detailed in Coronil 1997, domestic and international industrialists were repeatedly unable to get consistent government policy in supporting production for the domestic market. Attempts to develop an automobile industry were hampered by industrialist focus on getting the best contracts out of Ministry of Development bidding, and tractor development was hampered by inter-group rivalry for control.

PDVSA, attracted by the higher salaries and international travel. The upper echelons of PDVSA, including its management, technicians and union leaders, continued to pursue a volume maximization policy, in violation of OPEC quotas agreed to by the Chávez administration. Their political allies were able also to water down significantly the 1999 Constitution and the 2001 Hydrocarbons Law. The former prohibits the privatization of PDVSA, but allows for the privatization of its affiliates and some of its functions. As was the case with the 1976 nationalization, the devil is in the details, and privatization can occur by many means. PDVSA's OSAs continue to cost a fortune, diverting significant percentages of the company's revenue to the private sector (Mommer 2003).

Figures 1 and 2 below show the declining share of revenue for the state from oil production. Figure 1 shows taxes, royalties, and dividends paid per Bolivar of total petroleum sales. Note that fiscal revenue peaked immediately before nationalization in 1976 at 90%, and reached a low in the present day at around 30 percent. Figure 2 shows payments to government and total oil exports as shares of exports of Venezuelan oil. While the government's share of export revenue has stayed more or less consistent around 50 percent, total company exports have nearly doubled as a result of PDVSA's export platforms around the world<sup>6</sup>. By the 21<sup>st</sup> century, Venezuela's oil became a "free gift of nature" for its reapers, while the debt-ridden country was stuck with only more debt. This was the specific form of neo-liberalism for large oil exporting countries – minimizing payments to the sovereign landlords by "capturing" state agencies and their staff (Mommer 2002, p. 234).

### 3. THE "LIBERATOR" MEETS THE DECAYED STATE

The weeklong IMF riot known as the *Caracazo* on February 27, 1989 marked a turning point in Venezuelan popular history. Led by students and shantytown residents, these riots came in response to an IMF-mandated 100 percent price hike in downstream, domestic oil prices. Despite attempts by the Perez government to pass only 30 percent of the hike on to commuters, the Union of Taxis and Minibuses raised prices by the full additional cost and refused to honor student bus passes. Commuters retaliated by ransacking buses and private businesses. Authorities did little to manage the spread of the riots, and the first official response came a day and a half after rioting had begun. The Minister of the Interior's public plea for calm was interrupted when he became ill during his midday television address on the 28<sup>th</sup>, and the next thing the public heard was after 6 pm, when President Pérez announced the imposition of martial law. The military and police forces were called out to control the situation, which promptly turned into a massacre of hundreds—or, by some estimates thousands—of working class slum-dwellers and their subsequent burial in mass graves (López Maya 2003; Gott 2000).

This spontaneous uprising took the ruling elite by surprise. Pérez had been elected to a second term in 1989 on an anti-structural adjustment platform. But as in many Latin American countries during the 1970s and 1980s, electoral promises gave way to the harsh reality of fiscal bankruptcy and the most dismal decline in growth in Latin America's "lost decade". In López Maya's words, the state's broken contract with the poor led to a vacuum in the "moral economy" where the only suitable response was "disruptive action". This action was not aimed at political targets,

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<sup>6</sup> Neither figure includes a subsidy to domestic oil consumption, which will be figured in Weisbrot 2004.

but members of the *petit bourgeois* economy and in particular small shop owners (2003). But what of these ignored political targets?

### *Political Parties*

The *Caracazo* heralded a tougher time ahead in Venezuelan institutional development. Political parties, labor unions, and business all suffered significant setbacks. *Acción Democrática* (AD) and COPEI, then the two largest political parties, had ruled since the return of formal democracy in 1958 by a two-party system called *Punto Fijo*, whereby the large Venezuelan Communist Party was effectively excluded from the ruling alliance<sup>7</sup>. Major institutions and state commissions would always have representatives from both parties, even when one or the other was in power. Certain institutions might have a tendency towards capture by one party or another, such as the CTV labor federation, which was affiliated with AD, but COPEI was always given seats on the governing body regardless.

The era of structural adjustment brought with it tendencies towards decentralization. The administration of Jaime Lusinchi in the 1980s had created the Presidential Commission on State Reform (COPRE) to decentralize state functions and democratize the parties. By 1989, for the first time, governors and mayors were elected, giving insurgent parties like *Movimiento al Socialismo* (MAS) and *Causa R* a chance to win prominent local and state offices. Much of these gains came at the expense of the traditional parties, who were increasingly reduced to taking orders from the international creditors. Hellinger writes:

This procedure wrested the nomination process from politicians who controlled party machines. From 1974 until 1993, AD and COPEI together controlled no less than 81 percent of the seats in the lower house and 88 percent of the seats in the Senate... in 1993, the totals had shrunk to 53 and 60 percent respectively, with three other parties sharing most of the legislative power (2003, p. 33).

Party deterioration culminated in 1993, after two coup attempts the year before and the impeachment of Pérez on corruption charges. Pérez's successor, former COPEI member Rafael Caldera, ran and won as an independent.

### *Labor*

Labor in particular suffered from a lack of vision over this period. As Ellner (1988) points out, Venezuela's labor movement has always been marked by dual unionism and political party intervention limiting union autonomy. Newer political parties had less chance to gain power within the federation, with the exception of *Causa R* in the state of Guayana in the early 1980s, where it controlled the powerful Metalworkers union. Even more harmful was the lack of a meaningful response from the federation to the problems of neo-liberalism and new organizing. The CTV met regularly with the IMF and other creditors and accepted plans for a privatization of the health system, for an elimination of a generous severance payment system, and vigorously resisted post-1989 reforms to democratize the labor movement by holding direct rank-and-file elections of the executive committee members (Ellner 2003c). The CTV federation also largely

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<sup>7</sup> The two party system was modeled on the US, and received much technical assistance from Cold War-era diplomatic and intelligence personnel from the US.

refused to initiate new organizing in the informal sector, which represents a large part of the country's labor force.

### *Media*

One of the few institutions that prospered during the period was the private media. From the advent of broadcast media in Venezuela in 1926, concentration in media ownership and lax government regulation has characterized the political economy of Venezuelan media. Neither of the first two private television companies had government licenses when they started broadcasting, nor had they any public service or reporting requirements. In Lowhorn's words, "This failure to enforce codified regulations established the early expectation among commercial broadcasters for a *laissez-faire* relationship between the government and private media" (2003, p. 5). Much of Latin America's dubbing of English films, *telenovela* soap opera production, and regional news programming comes from Venezuela. Venezuela is to Latin American media what Delaware is to US corporations – a largely regulation-free platform with low transaction costs from which to sell to the entire Latin American market.

Large family holdings characterize the sector, and 95 percent of those holdings are controlled by four groups in the political opposition today (Lemoine 2002). A classic example is the Cisneros Group, which owns Venevisión TV in Venezuela. The Cisneros group was an early international player and partnered with the US American Broadcasting Corporation (one of the US' Big Three networks) in 1960 to buy up local TV chains. Over the years, the Group has become even more powerful, and is now the largest shareholder of Univisión Communications Inc., the leading Spanish-language media company in the United States. Its operations include Univisión Network, the most-watched Spanish-language broadcast television network in the U.S. reaching 97 percent of U.S. Hispanic households; among dozens of others<sup>8</sup>. Gustavo Cisneros, the President of the Cisneros Group is the wealthiest man in Venezuela with a net worth over \$5.3 billion, according to Forbes, and is one of the Top 50 billionaires worldwide. This group would go on to play a major role in the 2002 coup against Hugo Chávez (Golinger 2003)<sup>9</sup>.

The Venezuelan media had already sharpened its teeth by contributing to political upheaval: first, by smearing President Luis Herrera Campins (1979-83) after he attempted to ban cigarette and alcohol advertising; and secondly by discrediting the *Punto Fijo* system and denouncing it for corruption in the years prior to 1998. Broadcast media scarcely covered the Chávez candidacy at all in 1998, and promptly attacked the 1999 Constitutional Process (Lowhorn 2003). Between CITGO and Univisión, the Venezuelan state and its private citizens account for a significant

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<sup>8</sup> On September 22, 2003, Univisión Communications Inc. merged with the Hispanic Broadcasting Corporation, creating UNIVISION RADIO, the largest Spanish language radio broadcasting company in the United States, currently owning or programming 69 radio stations in 17 of the top 25 Hispanic markets. This shatters the parochial image of an ethnic media, and follows the general worldwide trend of media consolidation.

<sup>9</sup> The Americas Society, an organization headquartered in New York dedicated to encouraging and promoting free and integrated markets, democracy and the rule of law throughout the Americas, has chosen to honor Gustavo Cisneros in June 2003 for his "contributions to the social fabric and economic welfare of the Americas." The Americas Society previously hosted Venezuelan opposition leaders, coup conspirators and wanted fugitives from the law, Carlos Ortega and Carlos Fernández, in its Park Avenue upscale venue. Its current Honorary Chairman is David Rockefeller, and the Spring Party Co-Chairs include the infamous Dr. Henry Kissinger.



percentage of developing country FDI into the American market – which affords them a unique position in hemispheric political economy

### *Military and the MBR-200*

In addition to the media, the military was the other dynamic institution in Venezuelan society. Nowhere was the frustration of the weakening of the nation state more acutely felt than in the military, many of whose officers felt betrayed at being called out to attack shantytown dwellers in the *Caracazo*.

Harnecker (2003) sees this as one of the contributing factors to the Venezuelan military being able to play a more revolutionary role in national politics<sup>10</sup>. There are other reasons as well. Unlike in most Latin American countries, there is little military caste ordering, and promotion of officers with a working class background is very common. As of 1971, with the Andrés Bello Plan, military academies were brought up to the standards of other universities, which in turn meant training in social sciences and wide exposure to authors from Marx to Mao to national liberation hero Simón Bolívar. Few Venezuelan military officers went to the School of the Americas, the Pentagon's training ground for Latin American military elites. The idea had also long circulated, finally coming to fruition with the Chávez Administration, of the military taking on economic development projects that could not be financed by other ministry budgets<sup>11</sup>. Finally, since 1982, an underground military movement called *Movimiento Bolivariano Revolucionario 200* (MBR-200) had organized as an anti-imperialist cell under the leadership of Hugo Chávez.

Following the *Caracazo*'s exposure of institutional weakness, members of the MBR-200 sought to take power with a 1992 coup, which failed, leading to the arrest of the MBR-200 leadership. Chávez cemented his status as a national hero by claiming full responsibility for the coup, and his nationally-televised promise that the revolution was done “for the time being (only)”. He proved so popular that President Caldera chose to pardon him in March 1994.

Chávez has maintained popularity in the military, despite what the 2002 coup might lead one to believe. He has extended the right to vote to soldiers—rare in Latin America, and many former soldiers sit in his government. In Harnecker's words:

It is not very well known that the only *putschist* senior officers in real positions of command were Ramírez Pérez, head of the Armed Forces General Staff, and Vásquez Velasco, Army Commander General. Several retired generals supported the coup, along with only 200 of 8,000 officers... Eighty per cent of commanding officers participated in the plan to rescue Chávez, and the number could be higher because at the time of the coup, communications were very difficult” (Harnecker 2003, p. 15).

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<sup>10</sup> Many analysts fail to realize the uniqueness of the Venezuelan military-- see Gacek 2004, which attempts to stigmatize Chávez's military roots, and Norden 2003, which seeks to bury the constitutional nature of the administration as only “apparently democratic”.

<sup>11</sup> Norden 2003 points out some of the challenges of Chávez's military reforms. On the one hand, military men are given the right to vote (which had been previously denied), but on the other hand, civilian oversight of military affairs was somewhat weakened.

*And the Movimiento Quinta República is Born...*

It wasn't until January 1997, after years of political networking, that Chávez decided to begin supporting allies for elected office. Throughout his time in prison, he had been in touch with members of the *Movimiento al Socialismo* (MAS) and *Causa R*, two leftist parties with historic roots in the Venezuelan Communist Party and the 1960s guerrilla struggle. By July 1997, former members of these parties and of neighborhood groups joined with MBR-200 to form the political party *Movimiento Quinta República* (MVR, or Fifth Republic Movement). At the time of its founding, Gott estimates that 40 percent were civilian and 60 percent active and retired military officers. By the December 1998 presidential elections, however, MAS and *Causa R* had each split, with at least half of their membership and most of their technical experts throwing their weight behind Chávez and *Causa R*'s splinter formally becoming *Patria Para Todos* (PPT), which participates actively in the administration today<sup>12</sup>. This, coupled with the near total collapse of the old *Acción Democrática* and COPEI parties, led to a landslide victory with Chávez receiving over 56 percent of the vote.

Chávez's electoral platform centered on reforming Venezuela's sclerotic state institutions and in particular the oil industry, as detailed above. But in contrast to his attitude in 1992, Chávez was committed to pursuing these changes in a solidly democratic fashion. Perhaps the best example of this tendency is the new Constitution. As Gott writes:

In April 1999, the referendum was held on the desirability of elections to a putative Constituent Assembly; the "Yes" campaign received 88 per cent of the vote. In July 1999, elections were held for this assembly; Chávez supporters, standing as independents, received 119 out of 131 seats, and 91 per cent of the vote. Finally, in December 1999, a second referendum ratified the new constitution drafted by the Assembly: 71 per cent voted "Yes" and 28 per cent voted "No". If Venezuelans ever felt deprived of democratic practice, they now received it in abundance, and fresh elections to implement the decisions of the Assembly were scheduled for the year 2000 (2000, p.154).

This Constitution is unparalleled in the hemisphere for its codification of progressive values. It recognizes the value of women's domestic labor and grants them social security payments; it grants indigenous people rights to land and their own court system; it guarantees that PDVSA will not be privatized<sup>13</sup>; it allows military officers to disobey their superiors' orders when these conflict with international human rights; and requires that international treaties—such as the proposed Free Trade Area of the Americas—be approved by a referendum. As part of this process, Chávez ran again for President under the rules established by the new Constitution, which created a six-year presidential term. He won with 60 percent of the vote.

The new Constitution has paved the way for greater civic participation in everyday affairs. Several states in Venezuela now make use of a Participatory Budget Committee, 51 percent of which is comprised of civil society representatives. The creation of the Urban Land Reform Committees has made significant strides towards creating more neighborhood cohesion and identity in the often-squalid neighborhoods. And last but not least, the Bolivarian Circles –

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<sup>12</sup> For more detail on the history of MAS, see Ellner 1988. For a summary of the political realignments of MAS and *Causa R*, see Gott 2000.

<sup>13</sup> Although its affiliates can be, as the section on oil describes.

groups of 10-15 activists, have become an instrumental force for the implementation of community betterment projects, from city gardens to rural irrigation projects.

### *Social Spending*

Even in the context of a severe recession, the Venezuelan experience has shown that it is possible to spend more money fighting poverty. The administration's focus on the poor is clear if one considers that Venezuela's Human Development Index has markedly improved despite a significant drop in GDP<sup>14</sup>. Some of the contributing factors have been:

- The Chávez government has tripled the budget allocation for education, sent thousands of teachers into the countryside, and started a massive literacy program that is currently benefiting over 200,000 people.
- The government has doubled its expenditure on health care, and started a new program for sending doctors into poor barrios, areas previously seriously underserved. Some of these doctors are Cuban-donated, a practice common in many Latin American countries, despite US allegations to the contrary.
- Land reform has also been a clear priority. In urban areas, neighborhood committees of 100-200 families have been created to gain collective title to slum land areas and to bargain with utilities providers for better access. Rural land redistribution benefited over 130,000 families in 2003 alone, nearing a total of a million people, a significant percentage of the population in Venezuela (pop: 24.6 million)<sup>15</sup>.
- Tax evasion has been reduced over 10 percent (from 60 percent in 2002 to 50 percent in 2003<sup>16</sup>) by a series of measures that include restricting access to hard currency for tax evaders and closing business that fall into arrears on their taxes. While not the most efficient system of capital controls, it has proven an important step forward in tax collection for a state with limited administrative capacity.
- A major goal of the administration is to obtain greater food self-sufficiency by the end of its administration. This policy has been pursued by microcredit and far-reaching rural development programs<sup>17</sup>. With the long-term objective of making Venezuela self-

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<sup>14</sup> For more information on Venezuela's levels of social spending, which remain roughly constant around 11 percent of GDP, and health spending just over 4 percent of GDP, see Appendix 1.

<sup>15</sup> From Wilpert 2003a: "The *Ley de Tierras* passed by Chávez seeks to redress this dismal scene in three ways. Firstly, it sets a maximum legal size of farms, ranging from 100 to 5,000 hectares according to respective productivity. Seeking to put an end to latifundia that are not used for agricultural purposes, it levies a special tax on any holding that is left more than 80 per cent idle, and allows for the redistribution of certain lands to landless peasants who commit themselves to their cultivation. Only high-quality idle land of over 100 hectares or lower quality land of over 5,000 hectares, however, can be expropriated—at market value. *Chavistas* maintain that there is abundant government-owned land that can be redistributed before any private property needs to be transferred. Any Venezuelan citizen who is either the head of a family or is between 18 and 25 years old may apply for a parcel of land and, after three years of cultivation, acquire a title to it that can be passed on to descendants, but not sold: a provision that has drawn strong criticism, as discriminating against peasants who, if they need to sell, will be driven to do so at heavily—40 to 60 per cent—discounted prices on a black market for sub-legal transactions. By redistributing land to smaller family farms, however, the government hopes not only to mitigate the huge social injustices of the present pattern of ownership, but also to increase agricultural output, in the belief that modest-sized units are generally more efficient than vast estates or ranches."

<sup>16</sup> According to SENIAT, the national tax authority.

<sup>17</sup> The rural development work is detailed in Gott 2000, chapter 20.

sufficient in foodstuffs, it aims to double the share of agriculture in GDP to 12 percent by 2007<sup>18</sup>.

- The development of a local food supply is also being achieved in an ecologically sustainable manner. The Fisheries Reform law has eliminated industrial fishing within three miles of the coast, which has led to resurgence in small-scale fishing communities and species of fish long thought extinct.

Other economic indicators show significant advances over past administrations as well. As Figure 4 indicates, inflation is significantly lower than past administrations at around 18 percent annually. Demand for Venezuelan public paper is high, due to deficit reduction, increases in oil prices, international reserves and the country's projected current account surplus (Fitch Ratings 2003). Most importantly, the economy is projected to have the fastest growth rate in Latin America next year at between 6 and 7 percent (Figure 3) – a figure certainly influenced by the 12 percent contraction last year due to the 64-day oil strike and business lock-out.

### *Trade Politics*

Venezuela's independence from Washington has also been demonstrated in other ways. Thanks to the tireless advocacy of Venezuelan leaders like Vice Trade Minister Victor Alvarez, intellectual property guru Eduardo Saman, academics Edgardo Lander and Judith Valencia, and Congresswoman Iris Varela (as well as international allies at US groups Public Citizen and Global Exchange), Venezuela has released among the most progressive position papers on WTO and FTAA negotiations and helped to maintain the G-22.

In fact, the Venezuelan negotiators went further than their Brazilian counterparts, who spent time clamoring for increased agricultural market access, and pointed out that the development of US agro-industry would always put developing countries at a disadvantage, and that many developing countries would not benefit from the removal of subsidies.

Beyond just trade, Chávez has also threatened to pull out of the International Monetary Fund, a position he maintains even while the World Bank douses praise on the country's reform of the judiciary in a pilot program loan<sup>19</sup>. His administration has proposed many pluralistic and regional solutions, such as decreasing reliance on the US dollar as the exclusive reserve currency<sup>20</sup>; and building an energy alliance with Mercosur. In short, the Chávez administration's international policies have advanced the cause of multipolarism while reducing the harmful reach of US-led neo-liberal multilateralism<sup>21</sup>.

## **4. U.S. REACTION**

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<sup>18</sup> Venezuela has the lowest agricultural share of GDP in Latin America, at 6 percent (down from 50 percent in 1960). (Wilpert 2003a)

<sup>19</sup> See [www.worldbank.org](http://www.worldbank.org).

<sup>20</sup> "Venezuela's Chávez Suggests Switching Part of Reserves to Euros, Asks for Funds for Agriculture." <http://www.venezuelanalysis.com/news.php?newsno=1166>

<sup>21</sup> See the attached Venezuelan Position Paper on the WTO for some insight into their position in the negotiations.

These reforms are not without their opponents, both inside and outside the country. The declining political parties and their allies in government institutions have fought back with any tool at their disposal, and with ample support from the US government and its appendages in civil society. For brevity's sake, I will focus on the US role and interests in several major events. For a fuller accounting of the coup itself, Wilpert 2003a is an invaluable resource.

### *April 2002 Coup*

Far and away its most egregious act, the US used a mix of direct approval for the coup plotters and civil society organizing in the lead up to the April 2002 coup to accomplish their goal of removing Chávez from power. One in-country alliance that has been useful to this goal is the partnership between the main chamber of commerce (FEDECAMARAS) and the CTV, the main labor federation. Many of the enemies that Chávez made in the labor movement<sup>22</sup> teamed up with the business interests of the old parties for a “civic strike” on December 2001 (immediately after Carlos Ortega’s election as the Secretary General of the CTV) –in which management paid the workers to go out onto the streets. For their part, FEDECAMARAS leaders said that the land reform law was the single biggest factor in their decision to launch this alliance (Wilpert 2003a).

Many of the US policy makers liked this powerful alliance, and the National Endowment for Democracy<sup>23</sup> tripled its funding for opposition political parties and trade unions in the lead-up to the coup, from \$257,831 to \$877,435. The International Republican Institute, one of the organization’s core grantees, praised the removal of Chávez on April 12, 2002.

The AFL-CIO, which funnels US government funds to Venezuela through its Solidarity Center<sup>24</sup>, claims that the \$154,377 that it sent to the CTV were for technical support for the election process (Gacek 2004). Investigative reporters found that the money had in fact been used to pay teachers and buy supplies for a worker training center, but the CTV’s executive committee admitted the Center never had to show its books to its international donors (Ceaser 2002). The labor federation also arranged for CTV leader Ortega to meet with Otto Reich and other members of the Bush Administration<sup>25</sup>.

On the day of the coup itself, White House Spokesman Ari Fleischer stated, "Yesterday's events in Venezuela resulted in a change in government and the assumption of a transitional authority until new elections can be held...Chávez has resigned the presidency." During the 48-hour coup,

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<sup>22</sup> As part of Chávez’s promise of institutional renovation, he followed up on what the previous political parties had never been able to get the CTV to accept – direct rank-and-file election of its Executive Committee. The desirability of having these elections was certified by a national referendum, criticized at the time by the ILO, but eventually praised by many (even opposition) unionists who were able to run for national office for the first time. All parties had their candidates in the late 2001 elections, including Chávez’s MVR. Amidst accusations of fraud, steelworker and opposition activist Carlos Ortega beat the MVR candidate on a platform of “government, begin to tremble!” (clippings from *El Universal*)

<sup>23</sup> The endowment, founded in 1983 during the Cold War, is a private, nonprofit institution that receives almost all of its annual \$33 million budget from the US Congress. Ostensibly its purpose is to strengthen democracy worldwide, but progressive critics have accused it of acting as an extension of US foreign policy.

<sup>24</sup> The Solidarity Center gets about 70 percent of its \$18 million annual budget from US AID, and about 25 percent from the National Endowment for Democracy.

<sup>25</sup> “EEUU reconoce a Carlos Ortega como presidente del CTV.” *El Día*, Spain. URL: <http://80.81.104.134/2002-02-17/VENEZUELA/VENEZUELA4.HTM> Feb. 17, 2002.

Assistant Secretary of State for Latin America Otto Reich was in touch with many of the coup leaders, as detailed in Appendix 3. In short, the US made known that it welcomed the coup, alone among governments in the hemisphere.

### *Recall*

After the failed coup against Chávez, the Venezuelan Opposition resorted to a 64-day oil strike and several recall initiatives (most of which have been explicitly endorsed by the US). One of the more contentious chapters of the Venezuelan Constitution is the recall referendum provision in Article 72, which allows for the removal of any elected official halfway through his or her term, provided that 20 percent of the electorate (or 2.7 million of a total 12 million) sign petitions advocating a recall, and that at least as many vote for revocation as voted for the elected official in the first place. In Chávez's case, this means that 3.7 million people must vote to recall the president. Furthermore, turnout must be greater than 25 percent for the results of a recall election to be valid. Finally, a majority of voters must cast ballots in favor of a recall. If the "yes" wins, then new elections are called. Should new elections be held, it is unclear whether Chávez will be allowed to run. Regardless, even right-leaning analysts tend to agree that the opposition has little chance of fielding an electable candidate.

At the time of this writing, proponents of the recall have submitted 250 boxes of pro-recall signatures to the National Electoral Commission (CNE) (the body responsible for overseeing the referendum), which they claim contain 3.4 million signatures. Chavistas assert that the opposition will only have 1.9-2.4 million valid signatures. The CNE will make a definitive ruling in late February or early March.

The debate surrounding these signatures obscures the fact that it is unlikely that the opposition will be able to get 3.7 million people to vote for recall, and even more unlikely that they would be able to field a single candidate who could beat Chávez—or even a candidate endorsed by Chávez—in a general election. Indeed, Chávez currently has an approval rating of just over 42 percent, quite high by Latin American standards. Moreover, Chávez's popularity is likely to grow with the impending economic recovery.

In this, as in all things, the US has been actively intervening in Venezuela's sovereign affairs. On December 13, 2002, White House Press Secretary Ari Fleischer said that "The United States is convinced that the only peaceful and politically viable path to moving out of the crisis is through the holding of *early* elections.[Emphasis added]" This was repeated several times over the next few days, and was widely taken to mean that the Chávez administration should kowtow to an unofficial opposition signature drive to have Chávez step down immediately, a move which would have violated the pre-established Constitutional rules.

More recently, George W. Bush's National Security Advisor Condoleezza Rice has voiced similar sentiments, saying that Chávez will allow the recall referendum to take place, if "he believes in democratic processes." Chávez responded by telling the US administration "not to stick their noses in Venezuela", and calling Rice "illiterate" for not being able to read the Venezuelan constitution<sup>26</sup>. The fun continued at the January Summit of the Americas, where President Bush

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<sup>26</sup> Toothaker, Christopher. 2004. "Hugo Chavez tells US Not to Meddle." Associated Press. January 10.

said “support of democratic institutions gives hope and strength to those struggling to preserve their God-given rights, whether in Venezuela, Haiti or Bolivia”, before criticizing Cuba at length. Chávez responded by going well over his time limit, accusing Bush of being from the most Conservative and poorly informed wing of the Republican Party, and defending the achievements of Cuban education and health care<sup>27</sup>.

The US has tried to tie a recall referendum to Chávez’s international commitments. The Bush Administration has consistently characterized the May 29, 2003 OAS-brokered agreement between the government and the opposition as an agreement to have a referendum, rather than an agreement to follow the constitution. “A method was found, proposed and accepted by all the sides to move forward on the political process, and that’s the recall referendum, and we expect the parties to hold their commitments, and we also expect that the OAS and the Friends and others of us will continue to be prepared in helping that process along,” said State Department Spokesman Richard Boucher in a September 4, 2003 press conference.

### *Ongoing Intervention And Accusations Of Terror*

US officials, speaking for the most part of the record, have also accused the Venezuelan government of supporting terrorism. Various Defense Department officials have included Venezuela among states “not doing enough to fight terrorism.” In Richard Myers’ words on a recent trip to Columbia, chairman of the Pentagon Joint Chiefs, “It’s not helpful when countries don’t fully support the antiterrorism fight. And I think there’s more to learn with respect to Venezuela, and we’re going to have to continue to explore that” (Reuters 8/25/03). Defense Secretary Donald Rumsfeld was subtler, pressuring “neighboring countries” to open their airspace to US surveillance flights: “Air interdiction is not a single country issue; it’s a regional issue. It involves drugs as well as weapons, and it’s not a problem for Columbia alone. Indeed, it’s a problem that requires -- and benefits greatly from -- the cooperation from neighboring countries.” (Reuters 8/25)

Gen. James Hill, commander of the US Southern Command, told a conference in New York in late 2003 that “narcoterrorists and radical Islamic groups use Venezuela’s Margarita Island to launder money”. The Venezuelan government asked that Southcom offer proof of these allegations, but none has been offered so far (Reuters 8/25).

UPI Newswire has carried a series of allegations from unnamed US officials linking Venezuela to Middle Eastern and Columbian terrorism. FBI Officials were quoted as expressing concern over “a lack of cooperation on the part of Venezuelan authorities” following their inquiries into the whereabouts of Venezuelan citizen Hakim Mamad Al Diab Fatah, reportedly deported from the US on March 8, 2002 based on his connection to Hani Hanjour, hijacker of American Airlines flight 77, which crashed into the Pentagon. The US legal attaché in Caracas at the time, Hector Rodriguez, sent a memo to then Venezuelan National Guard General Marcos Ferreira detailing Fatah’s flight number and arrival time and asked that he be detained for questioning. General Ferreira, whom the Venezuelan government accuses of being involved in a May 2002

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<sup>27</sup> Murphy, Kieran. 2004. “Bush Attacks Cuba and other Latin American rivals”, and “Bush tries to win Latam friends at tough summit.” Reuters. January 12.

coup attempt, accuses Venezuela's Intelligence Service DISIP of protecting and allowing Fatah to avoid questioning.

The Sept 1, 2003 UPI story, "Venezuela's Islamic Links" by Martin Arostegui cited American officials who had complained that Chávez had dismantled US trained intelligence units which tracked terrorist connections among the half million strong Venezuelan Arab community. US diplomatic officials reportedly said that these security services were now being run by Cubans and Libyans brought in by the president. Arostegui also printed Diab Fatah's Venezuelan passport number, as well as that of a Venezuelan Arab who was found with a fragmentation grenade in Gatwick Airport. This implies either falsification of these numbers, or an unusually high level of cooperation from US consular officials.

John Walter, Director of the White House Office of National Drug Control Policy, told reporters on October 9, 2003 that "there have been press reports, the Venezuelan government has provided to both terrorist groups and some of those that are obviously involved in drug trafficking, and they have probably provided weapons and other kinds of support. That's just not cooperative, especially in this environment. And it's troubling, it's troubling to people in the region, and it's troubling to the United States." (Center for Strategic and International Studies).

A recent article for US News and World Report by Linda Robinson is by far the most egregious instance of half-baked evidence and unnamed sources linking Venezuela to terrorism. Robinson maintains that unnamed US officials told her that "Venezuelan president Hugo Chávez is fast becoming America's newest nemesis", that "Venezuela is providing support - including identity documents - that could prove useful to radical Islamic groups"; and that "It's no secret the level of cooperation that the Venezuelan governments giving to the Columbian groups, from the shipment of arms in, to the shipment of drugs out, to the movement of people in and out of Columbia." Additionally, "The [Columbian] FARC and ELN were instrumental in the formation and training of a 200-man Venezuelan armed group called the Frente Bolivariano de Liberacion that operates in Western Venezuela" and that "the Cubans are deeply embedded in Venezuela's intelligence agency", including providing military training and body guarding for Chávez.

What is the substance of these claims? That Venezuela provides *cedula* numbers to immigrants in its borders. In the words of analyst Greg Wilpert:

First of all, it is probably true that Venezuela issued identification cards ("cedulas") to citizens of these countries, something that the U.S. does too, whenever it grants residency to a non-U.S. citizen, in the form of a "green card." The issuance of such identification papers, if anything, helps track residents' illegal activity, rather than obscures it, as the article suggests. The accusation from an unnamed "American official" that "more than a thousand" Colombians had received "cedulas" is meaningless in a country that has several hundred thousand Colombians living there as legal residents... on what basis do U.S. officials believe that these foreign residents should not receive residency? How could they possibly know that just from glancing at a list of names and nationalities? Second, since when can a citizen of a Middle Eastern country receive a U.S. visa more easily just because he or she has Venezuelan residency? If they can, then that is the responsibility of the U.S. government, not the Venezuelan... If the accusation is true, then the U.S. government ought to make a formal request and not let unnamed officials work with journalists who have a political agenda to make baseless accusations. (Venezuelanalysis.com 10/2/03)

The Robinson allegations were subsequently dismissed by Brigadier General Benjamin Mixon in a meeting with the Miami Herald Editorial Board. "I have no reason to believe that [Venezuela



is providing identity documents similar to Islamic groups or hosting Cubans in its paramilitary and intelligence apparatus]”, adding that Southcom has no details about which borders terrorists are crossing. “We certainly don’t have any information that they are being supported by any other government in the region”. (Miami Herald 10/11/03).

Even former members of the Colombian government, hardly close friends of Hugo Chávez, have insisted the Venezuelan President met with FARC and ELN leaders only when Colombian President Andres Pastrana requested that Chávez intervene to pressure the insurgents to bargain. Colombia’s former head negotiator has insisted that while the FARC asked Chávez to sell them weapons, the Venezuelan president flatly refused to do so.

More generally, the Bush administration has singled out Venezuela for its failures to support Colombia’s government in its fight against left-wing rebels, in spite of the fact that the Brazilian, Ecuadorian, and Panamanian governments have all failed to prevent Colombian insurgents from establishing bases and supply lines in their territory. To cite only the most glaring examples of the failures of Colombia’s neighbors, when the FARC attempted to assassinate Colombian President Alvaro Uribe in a 2003 rocket attack, the weaponry used was found have come from the arsenals of the Ecuadorian army. Moreover, a key FARC leader was recently arrested in Quito, where he had apparently been recuperating from surgery. Whereas Venezuela’s refusal to allow U.S. overflights of its territory and its failure to seal its border are met with allegations of support for the rebels, the shortcomings of Ecuador’s pro-US administration are met with little outcry. This hints at the political motivation of the charges leveled by the US administration.

### *Civil Society in the US*

The Bush Administration has not acted alone in its attempt to destabilize the Chávez Administration. Actors from civil society, ranging from human rights groups to media advocacy groups, from environmental groups to religious groups, have either failed to recognize the strategic importance of this struggle, or have expressed outright hostility to the idea of using the state as a platform of anti-imperialist action. Some fault Chávez’s military roots—not realizing the fragility of other institutions; others have conceptually fundamentalist notions of natural resource endowments’ effect on democracy—not accepting that these endowments always exist in different political settlements<sup>28</sup>; others fault Chávez’s verbal criticisms of media coverage—ignoring Chávez’s numerous statements urging his supporters to respect individual journalists. Many are also inclined to divide Latin America’s new crop of left leaders between the good (Lula) and the bad (Chávez), often based on selective readings of history and an over-optimistic view of the possibilities for consensus after two decades of lost growth, social polarization and institutional decay (see, for example, Gacek 2004).

The reasons for this are various, and have much to do with the legal limitations on political activity of NGOs; the widespread view that human rights work is apolitical; and the absence of a

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<sup>28</sup> These views are fanned by much of the recent literature on natural resource endowments and political science, which often posit a causal relationship between the presence of oil and the lack of formal democracy. Of course the US, Canada and UK have oil endowments, and the history of the Middle East and Africa have various factors influencing the absence of democracy – namely colonialism (see Ross 2001). In the environmental community in particular, this is coupled with an apolitical and visceral hatred of OPEC.

widespread anti-imperialist consciousness. While there is insufficient space to go into depth on this topic here, Appendix 4 examines how one case in particular – the debate around Freedom of Expression in Venezuela – is colored by the self-described “pre-emptive” strategy of condemning Chávez, whom all agree has not limited freedom of expression in any way. Fletcher (2003) also examines some of the institutional roots of the US working class’ ambivalence about imperialism, related to Gompersian “bread and butter” unionism and race divisions within.

#### 4. CONCLUSION

By the early 1990s, the Venezuelan state apparatus was in an advanced state of decay. The massive revenues generated during the oil boom exceeded the country’s absorptive capacity, thus spawning inefficiency and corruption. The traditional political parties and labor unions had been discredited, and an oil rich country was accepting Washington’s policy dictates in everything from oil production to macroeconomic policy. Given institutional decay and the push towards decentralization, political transactions costs were relatively low, and new actors could emerge on the national scene – witness *Causa R*’s success in Guayana province, the rise of various neighborhood groups, and of course the MVR itself, each having their own sets of proposals about renewing control over the oil sector and reactivating economic growth. Venezuela had other kinds of transactions costs, as corruption is relatively high, but forms of corruption are also predictable and thus shouldn’t affect economic growth. And of course the current political polarization makes “reaching across the partisan aisle” exceedingly difficult.

Perhaps more important to the kind of wide-reaching changes Chávez promised to enact were political *transition costs*. In Mushtaq Khan’s words:

The political cost faced by the initiators of new institutions... most important institutional changes are *politically* resisted by the losers because compensation is either not offered or, if offered, is not accepted. The intensity and extent of resistance is the real ‘cost of change’ faced by its initiators (1996, 81).

In Venezuela, the national elites control over 95 percent of the media – thus influencing public opinion; much of the private economy; and have the support of the regional hegemon. Their ability to impose transition costs as the losers from the “Bolivarian Revolution” is considerably high – witness the 12 percent contraction in growth last year as a result of the oil strike. However, their inability to coordinate political transactions amongst themselves hinders any attempt to form a united front in opposition to the Bolivarian Revolution. The old rent-seeking business class, political parties and trade unions, along with the disruptive power of U.S. empire, have hindered growth by disguising profits and minimizing fiscal revenue from the state oil company. They have also failed utterly in their attempts to jumpstart growth through a series of structural adjustment packages.

Chávez’s initial transitions—reuniting OPEC, reforming PDVSA and restructuring CTV—all show an early capacity for weathering transition. At the same time, Chávez’s political capital was quickly expended as he and his allies took on a recalcitrant oil industry, labor union and media elite. Venezuela’s struggle for a re-alignment of forces more favorable to development and social change represents the most advanced, yet also the most challenged, in the world today. The country’s mineral wealth presents a steady flow of rent that could be harnessed for economic

diversification and social spending. While Chávez Administration policy on the latter is finally coming to fruition with a wide-ranging program of healthcare and education, the state still suffers from a lack of administrative capacity in many key policy areas (like capital controls) and lacks many of the key private sector allies necessary for a successful “big push” strategy. Their transition has been slow because of the reaction against it.

Ha-Joon Chang’s book *Kicking Away the Ladder* describes how the now-developed countries attempt to discredit (intellectually and by force) the policy tools they used in their own stages of development, so that developing countries cannot use them (2002). As Mommer’s work has shown, this “kicking motion” takes a unique form in oil-rich countries: it isn’t just about intellectual hegemony and structural adjustment, but also about trying to impose their preferred governance structures on oil.

The US is attempting to kick away Venezuela’s ladder by eroding state stability – by direct coup, by slander, and by international isolation. It also uses its power of lobby among oil and media executives to increase polarization in the country. The international development policy establishment discourse on “good institutions” is unmasked as an imperial intervention, as Bush spokespeople call for early elections and attempt to pass judgment on Venezuelan constitutional norms. The irony is that many of Washington’s favorite institutions on which to pass judgment – Central Banks (they should be autonomous); property rights (they should be private and secure); and adequate welfare and labor institutions – are already consistent with neo-liberal norms internationally, and Chávez has done little to erode that. Indeed, the starkest difference in Venezuela’s institutional make-up (other than the nationalized oil sector) is the attempt at forging participatory democracy and increasing political activism among the nation’s poor. This may be the institutional difference that could count for the most, as numerical majorities from Brazil to Bolivia start electing their own leaders to national office.

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**Table 1:**  
**2002 Top 10 Countries from which the United States Imports Oil**  
**(thousand barrels per day)**

| <b>Ranking</b>                  | <b>Country</b>        | <b>2000</b> | <b>2001</b> | <b>2002*</b> |
|---------------------------------|-----------------------|-------------|-------------|--------------|
| <b>1</b>                        | <b>Canada</b>         | 1,807       | 1,828       | 1,895        |
| <b>2</b>                        | <b>Saudi Arabia</b>   | 1,572       | 1,662       | 1,505        |
| <b>3</b>                        | <b>Mexico</b>         | 1,373       | 1,440       | 1,501        |
| <b>4</b>                        | <b>Venezuela</b>      | 1,546       | 1,553       | 1,385        |
| <b>5</b>                        | <b>Nigeria</b>        | 896         | 885         | 600          |
| <b>6</b>                        | <b>Iraq</b>           | 620         | 795         | 525          |
| <b>7</b>                        | <b>United Kingdom</b> | 366         | 324         | 461          |
| <b>8</b>                        | <b>Norway</b>         | 343         | 341         | 407          |
| <b>9</b>                        | <b>Angola</b>         | 301         | 328         | 325          |
| <b>10</b>                       | <b>Algeria</b>        | 225         | 278         | 282          |
| <b>Total Top Ten Imports</b>    |                       | 9,049       | 9,434       | 8,886        |
| <b>Total Imports</b>            |                       | 11,549      | 11,871      | 11,299       |
| <b>Top Ten Share of Imports</b> |                       | 78%         | 79%         | 79%          |
| * 8-month average               |                       |             |             |              |

**Source:** Energy Information Administration, *Monthly Energy Review*, October 2002, Table 3.3..

**Figure 1:**  
**Payments to Government as a Share of Total Sales**

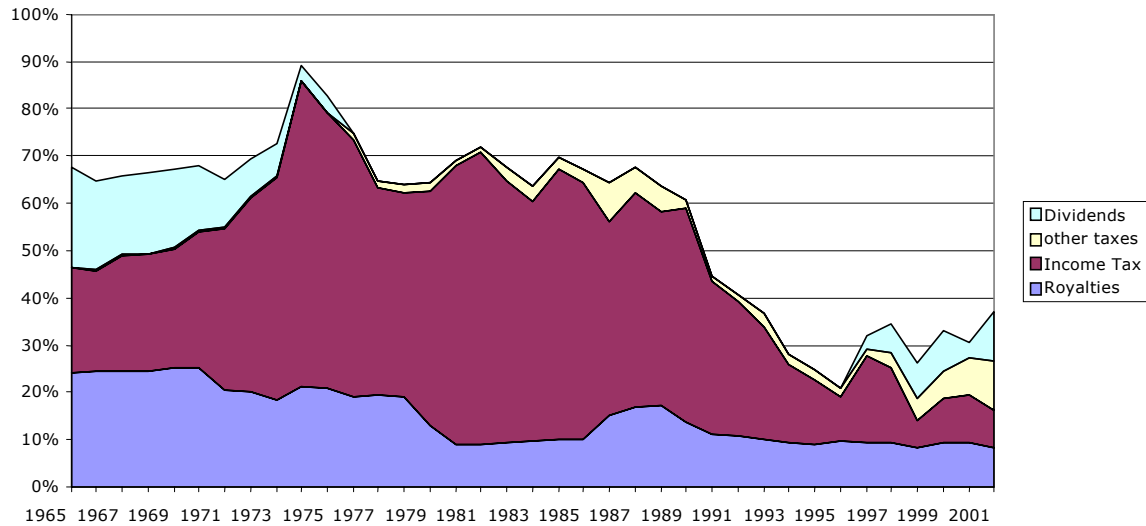


Figure 1 shows taxes, royalties, and dividends paid per Bolivar of total petroleum sales, from the years 1965-2001. It does not include the subsidy to domestic oil consumption. Source: Weisbrot 2004, forthcoming.



**Figure 2:**  
**Payments to Government and Total Oil Exports,**  
**as Share of Exports of Venezuelan Oil**

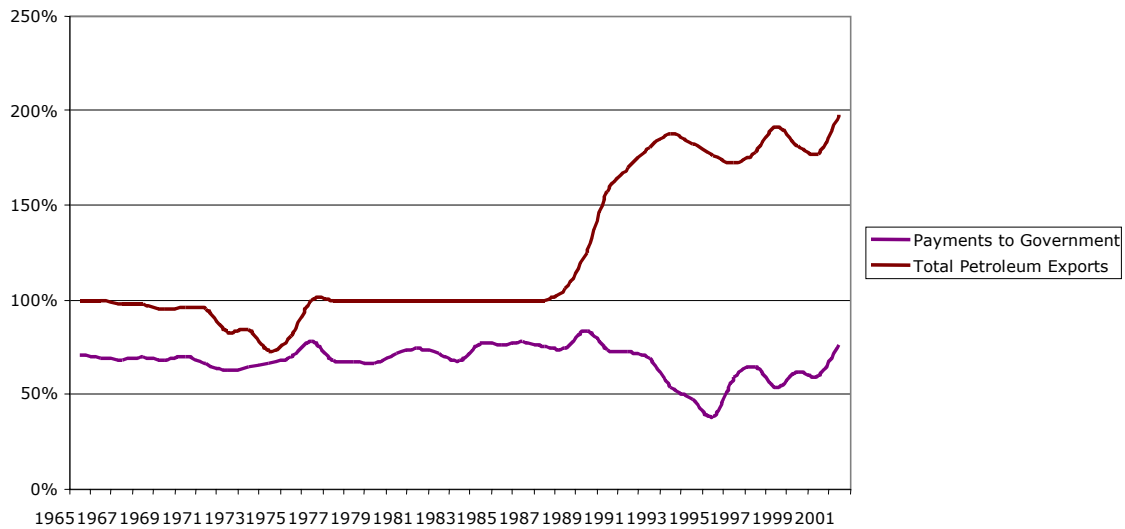
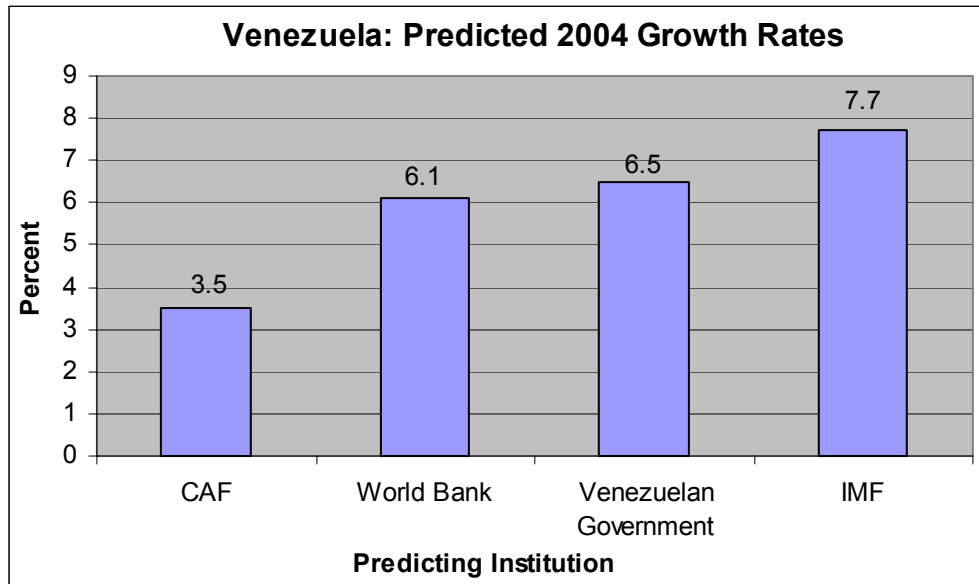


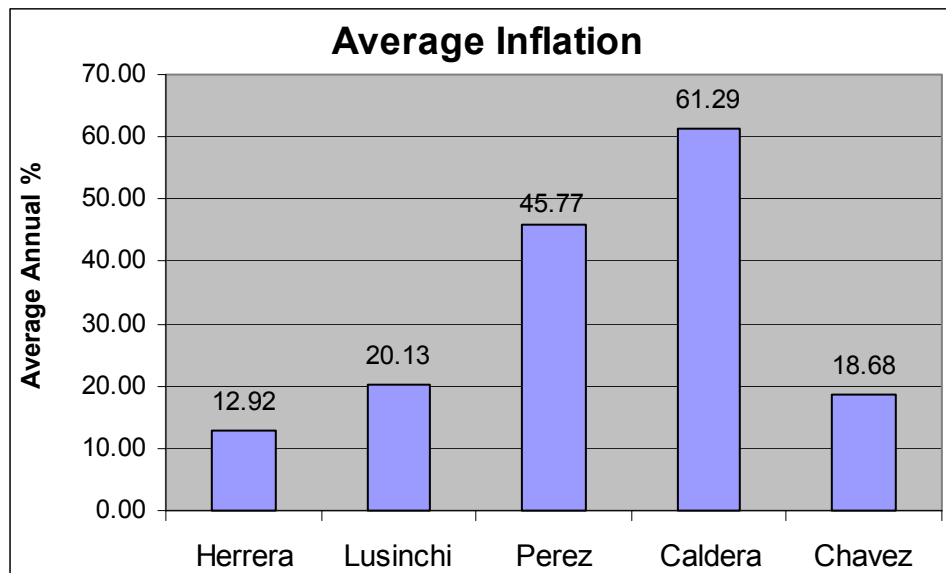
Figure 2 shows taxes, royalties, and dividends paid per Bolivar of Venezuelan petroleum and product exported. It also shows the total petroleum and product exported per Bolivar of Venezuelan petroleum and product exported. It does not include a subsidy for domestic consumption. Source: Weisbrot (2004, forthcoming).

**Figure 3:**  
**Venezuela: Predicted 2004 Growth Rates**



| Organization          | Predicted 2004 Growth Rate | Source  |
|-----------------------|----------------------------|---|
| CAF                   | 3.5                        | Statement by CAF President Enrique Garcia to reporters Oct. 27 2003 |
| World Bank            | 6.1                        | World Bank staff and Consensus Forecasts September 15, 2003         |
| Venezuelan Government | 6.5                        | Reported by Reuters Oct. 15 2003                                    |
| IMF                   | 7.7                        | IMF World Economic Outlook  |

**Figure 4:**  
**Venezuela: Average Inflation**



| President     |          | Years in Office | Average Inflation |
|---------------|----------|-----------------|-------------------|
| Luis          | Herrera  | 1979-1984       | 12.92             |
| Jaime         | Lusinchi | 1985-1988       | 20.13             |
| Carlos Andres | Perez    | 1989-1993       | 45.77             |
| Rafael        | Caldera  | 1993-1998       | 61.29             |
| Hugo          | Chávez   | 1999-2002       | 18.68             |

Source: World Bank, World Development Indicators 2003



## Appendix 1

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## **Information on Venezuela's Progress in Social Development**

Compiled by

Nathan Converse, Communications Coordinator, Venezuela Information Office

4 August 2003

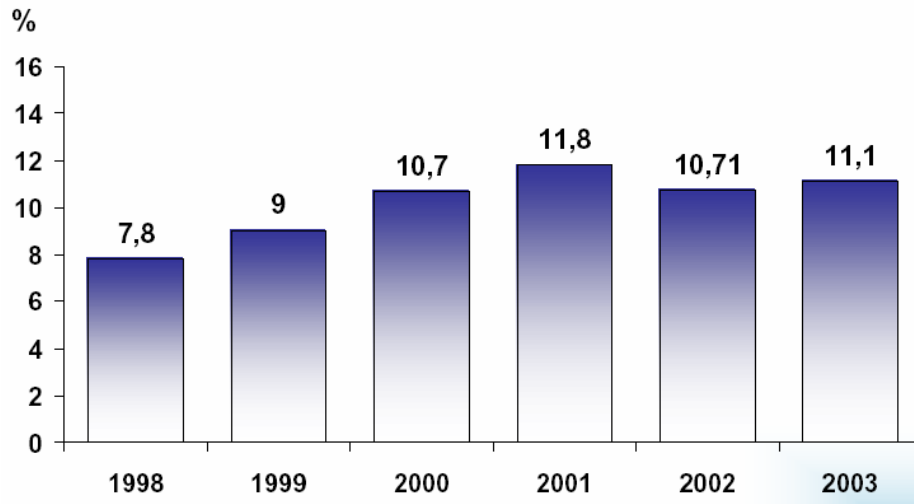
Data compiled from both governmental and international sources demonstrates that the Venezuelan government's commitment to social development goes beyond rhetoric and produces concrete results. Venezuela's economic troubles pre-date the Chavez administration and stretch back to the mid-1970s; however, since Chavez took office, the country's social development indicators have improved steadily, despite sharp declines in income per capita due to Venezuela's economic difficulties.

### **A) Data from the Venezuelan government**

Summary data on Venezuela's economic and social development can be obtained from the report *Tres Años de Gobierno* (Three Years of Government), available on the website of the Ministry of Planning and Development ([www.mpd.gov.ve](http://www.mpd.gov.ve)). This report makes clear, for example, that social spending has increased as a percentage of GDP, as has public spending on education as a percentage of GDP. Figures 1 and 2 illustrate these trends.

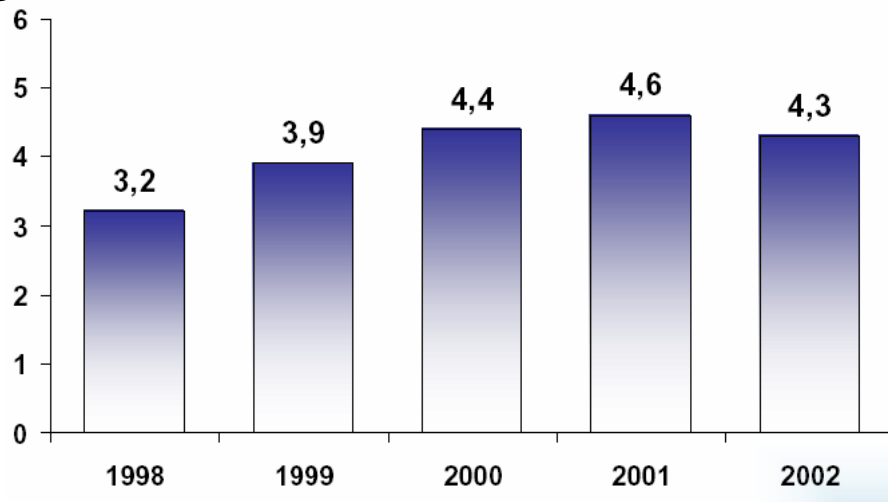
The Venezuela Information Office is dedicated to informing the American public about contemporary Venezuela, and receives its funding from the government of Venezuela. Further Information is available from the FARA office of the department of Justice in Washington, DC.

**Figure 1: Social Spending as Percentage of GDP**



Source: SISOV (Venezuelan Social Indicators Database)

**Figure 2: Public Spending on Education as Percentage of GDP**



Source: SISOV (Venezuelan Social Indicators Database)

Further information on educational spending is available from the Ministry of Planning and Development ([www.mpd.gov.ve](http://www.mpd.gov.ve)) and from the finance ministry for 2002 ([www.mf.gov.ve](http://www.mf.gov.ve)).

Information on **health spending** is available from the Finance Ministry ([www.mf.gov.ve](http://www.mf.gov.ve)). While members of the opposition have at times stated in the media that health spending has been cut, such a claim is not supported by official figures. The Ministry's data clearly show that spending increased from 1.3% of GNP in 1998 to almost 1.6% of GNP in 2002. This data can be obtained from:

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<http://www.sisov.mpd.gov.ve/indicadores/salud/gastopublicoensalud/sa05006/sa0500600000000/index.html>.

There are, of course, many different ways to measure this and % of GNP is just one of them. Examining data on social spending as a percentage of GDP nonetheless demonstrates that the Chavez government has been serious in its commitment to social development.

## B) Data from the World Bank

- 1) One example of the Chavez administration's investment in social development is the \$30.3 million World Bank loan that the government secured in June 2001. The loan project will expand the coverage of health services to 2.4 million poor people in the Caracas Metropolitan District. For more details, see the World Bank's press release available at:

<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20013957~menuPK:34466~pagePK:34370~piPK:34424~theSitePK:4607,00.html>

- 2) World Bank data clearly show falling population growth and fertility accompanied by declining infant mortality, a lengthening of life expectancy, and rising literacy rates (given in the table below as falling illiteracy rates).

**Table 1: Recent Data from the World Bank**

| Indicator                                     | 1998         | 2001         | 2002         |
|---|--------------|--------------|--------------|
| Population, total                             | 23.2 million | 24.6 million | 25.1 million |
| Population growth (annual %)                  | 2            | 1.9          | 1.8          |
| Life expectancy (years)                       | ..           | 73.5         | 73.7         |
| Fertility rate (births per woman)             | ..           | 2.8          | 2.7          |
| Infant mortality rate (per 1,000 live births) | 19.7         | 19           | 19           |
| Illiteracy total (% age 15 and above)         | 8.1          | 7.2          | 6.9          |
| Illiteracy female (% of age 15 and above)     | 8.8          | 7.6          | 7.3          |

Source: World Bank

## C) Data from the UNDP

Data from the United Nations Development program clearly show that despite precipitous declines in Venezuela's per-capita income, the country's performance in terms of human development remains solid. This is evident when one examines both the aggregate Human Development Index (HDI) and its components—life expectancy, literacy, educational enrollment, and income.

**Table 2: Human Development Indicators from UNDP**

|           | 1997  | 1998 | 1999  | 2000 | 2001  |
|-----------|-------|------|-------|------|-------|
| HDI Score | 0.792 | 0.77 | 0.765 | 0.77 | 0.775 |

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|                               |       |       |       |       |       |
|-------------------------------|-------|-------|-------|-------|-------|
| <b>HDI Rank</b>               | 48    | 65    | 61    | 69    | 69    |
| <b>GDP Rank-HDI Rank</b>      | -2    | 3     | 10    | 10    | 15    |
| <b>Life Expectancy</b>        | 72.4  | 72.6  | 72.7  | 72.9  | 73.5  |
| <b>Adult Literacy</b>         | 92    | 92    | 92.3  | 92.6  | 92.8  |
| <b>Gross Enrollment Ratio</b> | 67    | 67    | 65    | 65    | 68    |
| <b>GDP per capita</b>         | 8,860 | 5,808 | 5,495 | 5,794 | 5,670 |

Source: Human Development Report 1999-2003

At first glance, one notices that Venezuela's HDI ranking has fallen, as has its HDI score; however, perhaps the most significant figure in the above table is Venezuela's GDP ranking (compared to other countries) minus its HDI ranking. This indicates how well Venezuela has used the resources at hand. The table shows that in 1997, before Chavez took office, Venezuela's human development performance was actually worse than what one would expect given the country's level of income. Since Chavez has taken office, Venezuela's performance in human development has been well above what one would predict based on its per capita GDP. This suggests that the Chavez administration has used available resources effectively to improve Venezuela's human development.

While some of the country's human development performance can be explained as inertial (for example, people don't suddenly become illiterate because the economy falters), a look at the components of HDI demonstrates that during Chavez's first three years in office, life expectancy has increased (by 1.1 years), as have adult literacy (by 0.8 percentage points) and school enrollment (by one percentage point, after a brief drop).

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## **Appendix 3**

### **Questions on the United States Role in the Venezuelan Coup**

By Simone Baribeau, Center for Economic and Policy Research, 2002

#### Unusual Meetings

In the months preceding April 11, Venezuelan opposition leaders, many of whom were later involved in the coup, visited Washington and spoke to senior US officials.

According to the Washington Post, opposition legislators were brought to Washington in the months preceding the coup. At least one delegation was sponsored by the International Republican Institute (Washington Post, April 13). Administration officials stated that senior members of the Bush administration met several times with leaders of the coalition that ousted the Venezuelan president, Hugo Chavez, and agreed that he should be removed from office (New York Times, April 16).

Pedro Carmona Estanga, who was later installed as president during the coup, traveled to Washington in November with a delegation of seven business leaders. He said the delegation met with John Maisto, Bush's national security aide for Latin America, Energy Secretary Spencer Abraham and Otto J. Reich, then Bush's nominee to head the State Department's Western Hemisphere affairs division (Washington Post, April 18). Although the White House made no specific statement about the dates, spokesman Ari Fleisher acknowledged that Administration officials met with Carmona (Washington Post, April 17).

The Pentagon confirmed that Rogelio Pardo-Maurer, the US Deputy Assistant Secretary of Defense for Western Hemisphere affairs, met with the chief of Venezuela's military high command, Gen. Lucas Romero Rincon, on December 18 (New York Times, April 23). Rincon announced Chavez's resignation at 3:25 am on April 12 (New York Times, April 20).

The Observer of London cites Organization of American States sources who said that Otto Reich had "a number of meetings with Carmona and other leaders of the coup" over several months. According to the paper, "The coup was discussed in some detail, right down to its timing and chances of success, which were deemed to be excellent" (Observer, April 21).

Wayne Madsen, a former US Navy intelligence analyst stated that he "first heard of Lieutenant Colonel James Rogers (the assistant military attaché now based at the US embassy in Caracas) going down [to Venezuela] last June to set the ground [for the coup]." (The Guardian, April 29). Vice Adm. Carlos Molina, one of the key leaders of the coup government, said that he had a meeting with a U.S. official outside the U.S. Embassy in Venezuela within six weeks of the coup. (Washington Post, April 18).

During the coup itself, Reich claimed to have spoken several times to Gustavo Cisneros, head of Venevisión, a Venezuelan television station. Cisneros said he only spoke to Reich once, toward the end of the coup. (Newsweek, April 29). Cisneros is also a longtime friend of former President George Bush, who he recently hosted on a fishing trip in Venezuela. (Newsday, April 24).

#### Money

In the past year the National Endowment for Democracy (NED) quadrupled its budget for Venezuela in response to, according to Senior Program Officer Chris Sabatini, some of Chavez's new policies. According to Sabatini, "the goal was to create political space for opponents to Mr. Chavez, not to contribute to his ouster." The Venezuelan office of the International Republican Institute (IRI) received \$399,998 from the NED for political party building. On the day of the



coup, the president of the IRI, George A. Folsom, praised the coup stating, "The Venezuelan people rose up to defend democracy in their country." He was later rebuked for this statement by NED president Carl Gershman (New York Times, April 25).

In addition to direct United States funding, Venezuelan officials with known involvement in the coup were allowed to use US banks to give money to conspirators, and to avoid prosecution for their crimes by receiving US visas.

In February, Vice Adm. Carlos Molina, Air Force Col. Pedro Soto and several other officers publicly demanded President Chavez's resignation. According to a Western diplomat in Venezuela, Molina and Soto each received \$100,000 out of a US bank account (Washington Post, April 17). El Nuevo País (Venezuela) stated that Perez Recao, a wealthy Venezuelan businessman, paid money to armed forces officers who were fired after denouncing Chavez. Detailed reports in the Venezuelan press say that he had been plotting a coup for more than four months (St. Petersburg Times, April 22). He is now living in a condo in Key Biscayne, according to friends in South Florida. Roberto Carmona Borjas, one of the people who helped draft some of the decrees issued by the coup government, also arrived in Miami the week of the 15th but has not been heard from since, according to partners in the capital of Caracas (Miami Herald, April 26).

#### Unusual government action

In October, the State Department called the US Ambassador back to Washington for consultations as a sign of displeasure at some of Chavez's recent comments. (Washington Post, November 22, 2001). On November 5-7, the US National Security Agency, the Pentagon and the State Department held a meeting on Venezuela because of their discontent with some of Chavez's recent remarks (The Financial Times (London), November 5).

In November, the US ambassador at the time, Donna Hrinak, ordered the embassy's military attaché to stop meeting with a group of dissident officers, according to a US official. This group included, according to a Western diplomat in Venezuela, Vice Adm. Carlos Molina and Air Force Colonel Pedro Soto (Washington Post, April 18).

According to the London Observer, "Elliot Abrams gave a nod to the attempted Venezuelan coup." Officials at the Organization of American States and other diplomatic sources, talking to The Observer, assert that the "US administration was not only aware the coup was about to take place, but had sanctioned it, presuming it to be destined for success" (Observer, April 21).

The Guardian of London cites Wayne Madsen, a former Navy intelligence officer, stating that US naval vessels in the Caribbean had assisted with signals intelligence as the coup was taking place. Madsen also said that the navy helped with communications jamming support to the Venezuelan military. (Guardian, April 29).

The United States' reaction to the coup was consistent with alleged involvement and support.

At an April 12 press briefing, White House Spokesman Ari Fleisher stated, "Yesterday's events in Venezuela resulted in a change in government and the assumption of a transitional authority until new elections can be held...Chavez has resigned the presidency." However, the president's resignation was not submitted to the National Assembly, according to Venezuela's Attorney General, Isais Rodriguez. According to the Venezuelan constitution, a presidential resignation is only legal when submitted to the National Assembly. (Washington Post, April 13). At the April 16 White House press briefing, Fleisher continued to refer to Chavez's resignation. By this point, Chavez had denied ever resigning.

A letter from a Venezuelan charge d'affaires in Washington, made public the week of April 15th, states that Phillip Chicola, a State Department point man on Venezuela, had called him hours after Chavez was ousted, saying Washington "understands and sympathizes" with the power shift but cautioning that the interim government should produce Chavez's resignation letter and should have itself approved by the National Assembly. A State Department official denied that Chicola expressed support for the interim government during the phone call. (Newsday, April 24).

According to a State Department official, Reich phoned Carmona on the day of the coup to tell him not to dissolve the National Assembly because it would be "a stupid thing to do." The State Department contradicted this statement the next day, saying that Reich asked Ambassador Charles Shapiro to talk to Carmona. (New York Times, April 17 and April 18).

On the day of the coup, Thomas Dawson, the Director of External Relations at the IMF said, "We stand ready to assist the new [Venezuelan] administration in whatever manner they find suitable." (IMF website; <http://www.imf.org/external/np/tr/2002/tr020412.htm>).

APPENDIX 2  
POSITION OF THE GOVERNMENT OF THE BOLIVARIAN REPUBLIC OF VENEZUELA  
IN THE FIFTH MINISTERIAL MEETING OF THE WTO

**Cancun, September 10 to 14, 2003**

Ramón Rosales  
Minister of Production and Commerce  
Chief of the Delegation from the Bolivarian Republic of Venezuela

In this Fifth Ministerial meeting of the WTO, I have the great responsibility communicating to you the position of the Government of the Bolivarian Republic of Venezuela with respect to the current state of the WTO agreements.

**1. A Review of the Balance between Commitments and Results Derived from the WTO Agreements**

Since the creation of the multilateral trading system, its proponents have maintained that international commerce will result in sustainable human development, particularly through the liberalization of trade and improved conditions of market access for all the member countries. To this end, a series of norms in different areas of the international trading system were designed.

However, the requirement of reciprocal compliance with many of the agreed-upon norms has ignored the large differences between the economies linked to the multilateral trading system and their varying levels of development. Requiring unequal countries to act as equals has done serious damage to developing countries.

While it is true that some provisions were adopted with respect to Special and Differential Treatment, these have, for the most part, not been implemented. Moreover, a number of developing countries lack sufficient capacity to benefit even if such norms were applied. This has generating ever-greater imbalances in the trade relations between developing and developed countries.

In these circumstances, it is clear who has gained and who has lost in the current system of international trade. As noted in the 2003 United Nations Development Program (UNDP) Human Development Report, the countries with low Human Development Index (HDI) scores in 1990 accounted for 0.86 percent of world exports, compared with 82.82 percent for countries with high human development. By 2001, the low HDI countries' share of world trade had fallen to 0.66 percent—clear and incontrovertible proof of who has lost out from the Uruguay Round.

## **2. No Adoption of New Commitments**

Clearly, inequality has persisted and grown over time as the benefits from faithful compliance with international trading rules have been unevenly distributed. This leads one to question the efficacy of free trade, at least in terms of the goal, put forth at the system's inception, of furthering human development in a just and balanced way.

The evidence indicates that despite the efforts of developing countries to adapt to the norms established by the multilateral trading system, their quality of life has not improved, and there remain troubling limitations on the access of the majority of the world's population to basic subsistence products.

Therefore, the delegation of the Bolivarian Republic of Venezuela insists on the need to refrain from adopting new commitments until the long list of pending issues that fundamentally affect developing countries is resolved.

## **3. Prioritizing the Fight against Poverty and Social Exclusion**

In the negotiations to liberalize and deregulate trade and investment, scant attention has been paid to the fight against poverty and social exclusion. In order for free trade to translate into better quality of life and welfare for the people of the world, the WTO must confront the true obstacles to free trade:

- a. The unequal exchange that prevails as an expression of an unjust international economic order;
- b. The obstacles that prevent developing countries from having access to information, knowledge, and technology;
- c. The asymmetries and disparities that put the countries of the Global South at a hopeless disadvantage in their dealings with the powers of the Global North;
- d. The weight of the unpayable external debt that absorbs a growing percentage of the funds that could be used for public investment and commercial exchange; and
- e. The negative impact of the structural adjustment policies imposed by the international financial institutions.

#### **4. Defending the Ability of Governments to Apply Public Policies**

In recent years, a strong ideological bias has prevailed, a bias that considers the market to be preferable to the actions of the state and which does not take into account global experiences and the ways in which the state has successfully intervened to promote development in different historical contexts.

The market alone can guarantee neither growth, nor the overcoming of poverty, nor equity. The evidence suggests the opposite: recent decades have seen an accelerated process of liberalization and deregulation on a planetary scale, while simultaneously, inequalities have been accentuated, both within countries and between countries.

In light of these indisputable facts, it is necessary to re-introduce the idea of an appropriate level of state intervention, and to emphasize the role of public policy as tool without which it is impossible to achieve the stated goal of equitable, democratic, and environmentally sustainable development.

The subject of the relations between the state and the market is not an issue that can be resolved once and for all, for all future situations and all circumstances, based on theoretical assumptions or general policies. Neither state hegemony nor market fundamentalism are alternatives through which Venezuela and the other countries of the Global South will be able to achieve social and economic development. Our principle is “As much market as possible, and as much state as necessary.” The harmonization of the role of the state and the dynamics of the market is an issue that should be decided in each concrete context, in agreement with the particular conditions, according to the democratic will of the citizens, and with due respect for national sovereignty. No trade agreement can pretend to resolve once and for the tension between the state and the market.

Therefore, it is not a question of limiting the regulatory activity of the state in order to clear the way for economic liberalization through the irreversible adoption of binding international agreements. Liberalizing trade and investment cannot guarantee higher levels of growth and collective welfare. Without specific mechanisms to facilitate the design and execution of public policies geared to significantly reduce the disparities between different regions, countries, and productive activities, free competition between non-equals can only lead to a strengthening of the strongest and a further weakening of the weakest.

## **5. Incorporating New Actors into the Multilateral Trading System**

Only through a negotiating process that is effectively transparent to society as a whole—to the business sector, to the workers, to indigenous organizations, to women's groups, to cultural associations, to environmental organizations, to political parties, to legislatures, and to the press, can we affirm that we are advancing in the direction of a process that can be characterized as democratic.

Without transparency in the negotiating process, it will not be possible for social organizations to participate in the course of the negotiations and in the resulting accords. However, until now transparency has been very limited. This has granted a high degree of discretion to the representatives of the powerful countries at the negotiating table. In effect, the proposals of the representatives of a few dominant countries are often adopted as virtually final decisions in practically secret talks that negate developing countries' participation in discussions of the most crucial issues facing the WTO.

The incorporation of new actors into the multilateral trading system is a democratic necessity. Transparency, open access to information, and the right to participate in the process of decision making have their main foundation in the fact that the WTO is much more than a trade agreement. On the contrary, it impacts a wide spectrum of collective life in its institutional, political, social, and even cultural dimensions.

## **6. Democratizing the Decision-Making Processes and the Negotiations**

Another element of evaluation related to transparency is the need for democratization within the system. Here, one must recognize the efforts of the current WTO Director-General to make public much information about the Organization's norms and fundamental decisions, as well as the interaction with social organizations that has evolved over the years.

However, it is equally true that there exist informal, nontransparent mechanisms in the negotiation process, through which the interests of the powerful countries generally end up being imposed on smaller and less-developed countries. Examples of these mechanisms include mini-ministerial meetings with very limited participation and with parallel agendas of specific interests. The diminished possibility of negotiation for those countries left out of such meetings puts them at a disadvantage and produces results contrary to their interests.

## 7. **Putting Human Rights Before Corporate Rights**

The recent processes of liberalization and deregulation of trade and investment have tended to put corporate rights before human rights, thereby shifting the subject of these rights from people to commerce. This alters the very philosophy of human rights by enshrining freedom of trade and the profitability of investment as fundamental manifestations of those rights.

Endowing juridical persons with commercial rights places corporations on an equal level with people and states. Indeed, the supremacy being given to commercial rights over human rights presents a serious threat to the latter. This is made even more serious by the fact that “free trade” agreements in general have stronger enforcement mechanisms—through strong sanctions—than those generally included in human, labor, cultural, and environmental rights agreements.

For the Bolivarian Government of Venezuela, economic, social, cultural, and civil rights are and will always be interdependent, indivisible and inalienable. As a consequence, commercial or investor interests cannot have supremacy over human rights or national sovereignty.

## 8. **Agriculture: Much More Than a Commodity Sector**

Article 305 of the Constitution of the Bolivarian Republic of Venezuela states:

*“The State shall promote sustainable agriculture as the strategic basis for overall rural development, and consequently shall guarantee the population a secure food supply, defined as the sufficient and stable availability of food within the national sphere and timely and uninterrupted access to the same for consumers. A secure food supply must be achieved by developing and prioritizing internal agricultural and livestock production, understood as production deriving from the activities of agriculture, livestock, fishing and aquiculture. Food production is in the national interest and is fundamental to the economic and social development of the Nation. To this end, the State shall promulgate such financial, commercial, technological transfer, land tenancy, infrastructure, manpower training and other measures as may be necessary to achieve strategic levels of self-sufficiency. In addition, it shall promote actions in the national and international economic context to compensate for the disadvantages inherent to agricultural activity.”*

With this constitutional mandate, the Venezuelan delegation to the Fifth WTO Ministerial meeting will call for the reduction of the protectionist policies and ruinous subsidies granted by the main industrialized countries, without requiring that this become a generalized obligation preventing developing countries from using these instruments and other public policies that would narrow their

competitive disadvantage relative to the wealthy nations who have subsidized their agricultural sectors for decades.

Even if all tariff barriers against developing countries' exports were eliminated, it would be impossible to compete with the subsidized prices of Northern countries. Such practices make it difficult or impossible for us to access world markets. Subsidized products compete unfairly even in our own internal markets, and their competitive advantage is only increased when we eliminate our tariffs. Even if wealthy nations were to eliminate such subsidies and other aid to producers, the playing field would not be leveled. For this reason, it cannot be demanded that developing countries do the same. Our countries lack the level of financial resources that developed countries use to support agriculture; what we have are policy tools that can diminish the perverse effects of several decades of international price distortions, tools that should be preserved as an aspect of Special and Differential Treatment.

For developing countries, agricultural activity is fundamental for the survival of the nation. The living conditions of millions of peasants and indigenous peoples will be severely affected if they are inundated with imported agricultural goods, even if those imports are not subsidized. Agricultural production is much more than the production of commodities. Rather, it is a way of life. It is the basic foundation for the preservation of cultural diversity, it is a means of occupying the national territory, it defines modes of relating to nature, and it directly involves food security and sovereignty. As such, it cannot be treated like just another economic activity or product.

## **9. Intellectual Property Rights or the People's Right to Health?**

Intellectual property is another of the issues that most clearly exposes the conflict between the interests of large transnational corporations and those of the poor countries of the South, particularly their peasant and aboriginal populations.

Appealing to what are called "trade-related issues", efforts in this area attempt to consolidate a wide-ranging protectionist regime for intellectual property with very disadvantageous terms for poor countries. The countries of the North were able to impose a mandatory global regime of protection for intellectual property in accordance with their own interests and based on proposals formulated by transnational pharmaceutical companies.

In today's asymmetric relations, the North's advantages reside precisely in the areas of science and technology. The international regime of definition and protection of intellectual property is oriented towards accentuating this asymmetry. It protects those areas where the powerful countries have an advantage, while it basically leaves unprotected those areas where the Southern



countries and peoples have an undisputed advantage: in the genetic diversity of their territories and the traditional knowledge of their peasant and aboriginal communities.

The agreements on intellectual property included in the WTO require all countries—after a grace period for the “less developed” countries—to establish patent regimes that guarantee strict protection of intellectual property. As a consequence of the monopoly rights granted by these agreements, pharmaceutical companies will be able to eliminate competition and charge prices out of the reach of millions of people. Several studies have calculated that the introduction of patents will not only result in significant increases in price, but also in a dangerous reduction in consumption. Wide sectors of the population will remain excluded from access to quality medicine at affordable prices, and this is simply intolerable.

The agreements on intellectual property cannot be obstacles to people’s right to benefit from scientific progress, from technological advances, and from access to quality foods and medicines. Venezuela recognizes the supremacy of international agreements in the areas of human rights, health, food security, and biodiversity over the intellectual property rights of the transnational corporations. Therefore, it is necessary to defend and preserve the right to grant compulsory licenses to national companies so that they can produce generic versions of patented medicines and foods, without this implying their having to confront the numerous hurdles that the transnationals are erecting to force them to demonstrate the safety of these products. The Bolivarian Government of Venezuela also supports the right of indigenous peoples and peasants to protect their traditional knowledge, and the right of farmers to protect and utilize the seeds that they themselves produce.

#### **10. Defending the Obligation of the State to Offer Essential services**

The proposals to totally liberalize, deregulate, and privatize trade in services (finance, telecommunications, consulting, engineering, tourism, education, health, etc.) implies a serious threat to the Constitutional provisions, national laws, and government policies that affect the status of the market mechanism as the sole regulator of the economy.

The value of greater or lesser degrees of regulation or state intervention is an open issue that each country must decide in accordance with local conditions that are constantly changing. The transference to the market of public services like education and health threatens the fundamental rights of citizens insofar as it transforms them into mere consumers of these services.

The Bolivarian Government of Venezuela maintains that countries should liberalize their services in accordance with their national development priorities

and not because they are required to do so by international treaties. They should keep public those services that are indispensable for the population, as determined by their Constitution and laws. In this sense, it is necessary to ensure an adequate margin of protection for this type of service and exclude them from any liberalization attempt that impedes the access of the population, particularly of the poorest sectors, to essential services such as health, education, justice, security, etc.

In this Fifth WTO Ministerial Meeting, the Venezuelan delegation will firmly and categorically insist that international agreements cannot limit the authority and the sovereign right of states to regulate, through laws and rules, the distinct service sectors that they consider to be of strategic importance in satisfying the basic and essential necessities of their populations.

**Appendix 4**  
**“Freedom of Expression” in Venezuela and Latin America in**  
**Comparative Perspective**

**By Todd Tucker, Center for Economic and Policy Research 1993**

**Key Points**

- 1) **No policy of detentions or harassment of journalists.** The Chavez administration has not harassed or detained any journalists. Despite often aggressive commentary about the media, HRW found that “his statements cannot, from a legal standpoint, be considered an incitement to violence” (May 2003).
- 2) **Problem of Law Enforcement, not National Policy.** Violence against journalists in Venezuela has been a result of general violent conditions, opposition provocateurs, and crossfire during the coup. There have been between 106 and 130 attacks on journalists between 2002 and 2003.
- 3) **Pro-Chavez journalists have been attacked in same proportion as anti-Chavez journalists.** The only outright closing of media outlets has occurred at the hands of the coup and pro-opposition local governments.
- 4) **Wholly Partisan Private Media.** Opposition media during the coup and strikes have failed to provide information for Venezuelan citizens. They also ran unpaid commercials for opposition activities throughout the last few years, with RCTV even admitting that opposition messages had seeped into children’s programming such as “Casper” and the “Parent Trap” (HRW May 2003).
- 5) **Censorship of Community Media by opposition lawmakers.** Both state and community media have been shut down during the brief April 2002 coup and during subsequent police raids in the summer of 2003.
- 6) **Decency Regulations Comparable to International Practice.** Venezuela’s media law would contain some decency regulations, a common regulation in the US. While very broad, these will still be ultimately decided in the courts.
- 7) **High comparative standard of protection for journalists.** Other countries, including Chile, Mexico, Haiti, Panama, Dominican Republic, Honduras and Cuba, have actually detained and harassed journalists for desacato laws, often for long periods. Columbia leads the Western Hemisphere in outright violence against journalists, with over 30 assassinated in the last decade.
- 8) **Laws Predate Chavez period.** Most of Venezuela’s desacato and prior censorship laws predate the Chavez period. While the proposed Law of Social Responsibility in Radio and Television would reiterate some of the old desacato laws, this is not current law and is not likely to pass as is. **[NOTE: ACCORDING TO JESSE CHACON, THE SECOND DRAFT OF THIS LAW DOES AWAY WITH THE NEW DESACATO LAWS, BUT NOT THE OLD ONES. THIS WAS DONE FOR VIVANCO.]**
- 9) **Uncertain Legal Obligations.** The abolition of desacato laws, while a good idea, is not legally binding in international law (despite widespread misconception to the contrary), as they are based on IACHR recommendations published in a 1994 Policy Paper and non-binding 2000 Principles Declaration.
- 10) **Relative absence of enforcement of outdated laws.** Furthermore, desacato laws are actually the norm in Latin America, and it is unclear why Venezuela has been singled out by Human Rights Watch and others, especially since they haven’t been enforced.

- 11) **Regulatory lapses correctable.** While the Globovision case may have been a lapse, it is one that will be ultimately investigated by the courts. What may be a regulatory error should not become a more general attack on regulation.

## **The Nature of the Case Against Venezuela**

There are three primary complaints being levied against Venezuela by international press freedom watchdogs. The first, and most common, are complaints about violence committed against journalists. The latter two items are Venezuelan laws on prior censorship and “desacato” (insult), both of which predate the Chávez period, and are explored later.

There has been no proven link between the violence committed against journalists in Venezuela during the Chavez administration and the administration itself. Firstly, Venezuela's is a very violent society, and many of the attacks that were initially blamed on government supporters were later proven to be committed by members of the opposition. In 2002, one journalist, Jorge Ibraín Tortoza Cruz of “2001” periodical, lost his life in the crossfire on April 11, 2002 during the military coup. Neither the Chavez nor the coup government was found responsible. A much more standard complaint that unnamed “government supporters” attacked or harassed journalists, no allegation of which has been linked to the government. Indeed, Human Rights Watch's May 2003 Report on Venezuela (“Caught in the Crossfire”) stated that:

*Neither Chavez nor any government official has ordered or directly encouraged government supporters to physically attack journalists. Indeed, on at least one occasion, Chavez has publicly called on his supporters to respect journalists, stating: 'It's not the fault of the journalist taking notes on the street, or the photographers and cameramen... they are workers. The blame lies with the owners of those media.' (Alo Presidente January 20, 2003).*

The same report shows that Chavez reiterated this position on April 27 during the Alo Presidente program<sup>1</sup>.

Secondly, the only instances of state-sponsored limitations on the press are the closing down of state and community media by the Carmona government and by opposition politicians. From April 11 to 13, these media were shut down by police raids without court orders, according to the Committee to Protect Journalists<sup>2</sup>. The other instance was the shutting down of Catia TV by pro-opposition Caracas mayor Alfredo Peña on July 10 of this year. “We ask you to explain your reasons for closing the premises of Catia TV and at the same time we remind you that, whatever they are, they could not justify forcing this station off the air,” Reporters Without Borders secretary-general Robert Ménard said

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<sup>1</sup> “Caught In The Crossfire: Freedom of Expression in Venezuela.” *Human Rights Watch*. May 2003. <http://www.hrw.org/reports/2003/venezuela/>

<sup>2</sup> “Attacks on the Press 2002: Venezuela”. *Committee to Protect Journalists*. <http://www.cpj.org/attacks02/americas02/ven.html>

in a letter to Caracas mayor Alfredo Peña on July 15. He urged the mayor to begin a dialogue with Catia TV "in order to find a way to respect press freedom."<sup>3</sup>

Most recently, unlike in the instances of pro-opposition media being attacked by unnamed *activists*, physical attacks on pro-government community media have been instigated by opposition *officials*. This was the case on October 17 of this year, when Acción Democrática officials, including village official Onelio Méndez of San José de Perijá (near Machique, along the border with Colombia), attacked a Venezuelan community radio station, Parroquiana 90.1 FM, after the station had investigated the official for corruption. "We urge the leaders of the opposition Democratic Action party to firmly denounce the attack and expel those responsible from the party," said secretary-general of Reporters Without Borders Robert Ménard<sup>4</sup>.

The third and most recent accusation of direct government interference with the freedom of the press is the recent CONATEL confiscation of microwave transmission equipment from Globovisión. The lack of concrete facts makes this a difficult case to evaluate, especially given the emotional fervor that surrounds Globovisión, an outlet of purely oppositional views. CONATEL's case rests on Venezuela's telecommunication law, which refers to the state's ownership of the airwaves and its regulatory power (Articles 5, 7, 25, and 76), that routine inspections allowed it to determine that illegal frequencies were being used, and that it had the obligation to temporarily seize the microwave transmission equipment (based on Article 166, 173 and 175 – which specify that usage of illegal frequencies without a permit will be penalized, that such equipment can be confiscated, and that CONATEL will order the cessation of illegal broadcasts).

Globovision responds that it had applied for the frequencies and that there was no particular urgency to necessitate the confiscation ("urgency" is required under Article 183). According to analyst Gregory Wilpert, the matters left for the courts to resolve are:

1. Whether Globovision really used microwave frequencies for which it had no permit.
2. Whether there were "reasons of urgency that merit" the confiscation of equipment.
3. Whether Globovision is being targeted selectively.

Added to these three one might add several less central issues, such as:

1. The constitutionality of the telecommunications law itself (an important question, no doubt, but less central, in that it will eventually be dealt with by the court)
2. Whether Conatel inspections must be accompanied by a legal representative of the broadcasting organization

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<sup>3</sup> "Mayor opposed to President Chávez forces pro-government community TV to close." *Reporters Without Borders*. July 15, 2003. [http://www.rsf.org/article.php3?id\\_article=7519](http://www.rsf.org/article.php3?id_article=7519)

<sup>4</sup> "Community Radio Station Attacked." *Reporters Without Borders*. [http://www.rsf.org/article.php3?id\\_article=8299](http://www.rsf.org/article.php3?id_article=8299)

3. Conatel's tardiness in approving applications for the use of the radio-electric spectrum (Globovision's use of this argument almost sounds like an admission of guilt)<sup>5</sup>.

## **New Media Law**

Much has been made of the proposed Law of Social Responsibility in Radio and Television, introduced before the national legislature in January 2003 and subsequently tabled. Human Rights Watch has issued an extensive analysis of the proposed law, which examines both substantive and institutional concerns.

Firstly, HRW criticizes the overly broad provisions of the law aimed at the protection of children. Bans on sexual acts, crude language and "physical, psychological, sexual or verbal violence" could be too liberally interpreted to imply bans on news coverage of wars and internal conflicts between 6 am and 8 pm. Secondly, there is a new *desacato*, or insult, provision in the law. [NOTE: THIS IS REPORTED TO BE REMOVED IN THE SECOND DRAFT]. Thirdly, HRW worries about prohibitions on "inciting disturbances of the public order", the latter of which is ill defined. The proposed law would also include a "two strikes and you're out" clause, and create a National Institute of Radio and Television which would be heavily weighted toward the influence of the executive and legislative branches and without any industrial representation<sup>6</sup>.

The important thing to note is that this is only a proposed law. It has not even undergone the requisite editing from members of the legislature and civil society. Secondly, even if the law were to pass in its entirety (a highly unlikely scenario), the courts would still be the final arbiters of any conflicts emanating from this law. Thirdly, the proposed law seeks (poorly) to amend some of the regulatory holes in Venezuela, whose media laws were designed in the 1960s. Notably, these include the ability of broadcasters to run pornography in the middle of the day, a very common occurrence. Fourthly, the US' Federal Communications Commission, empowered with media regulation, is composed of only 5 representatives from the two political parties, three of which come from the ruling party of the executive branch.

Fifthly, while the law is unclear and badly worded, one of its central purposes is to serve as an anti-trust law that limits media ownership concentration. Currently, four major private television stations own at least 85% of the television and radio market, and another 10% is owned by a few smaller, private holders. This ownership bloc has taken the extreme position of aligning totally with the Venezuelan opposition, which led a coup against a democratically elected government which the private media did not cover. Furthermore, these stations run constant unpaid ads for opposition marches and politicians, without any attempt at balance.

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<sup>5</sup> Wilpert, Greg. "The Chavez Government vs. Globovision TV". *VenezuelaAnalysis.com*. October 9, 2003. <http://www.venezuelanalysis.com/articles.php?artno=1030>

<sup>6</sup> "Caught In The Crossfire: Freedom of Expression in Venezuela." *Human Rights Watch*. May 2003. <http://www.hrw.org/reports/2003/venezuela/>

While the freedom of expression is paramount, limitations on media ownership are meant to control for exactly this kind of a situation. A relevant comparison can be taken from the US, when the House of Representatives in July 2003 dramatically voted 400 to 21 against a Bush Administration proposed change in media ownership laws. The proposed change would have allowed a single company to own television stations reaching a mere 45 percent of the nation's households, up from a previous ownership cap of 35 percent. National strikes and intense battles in the legislature have confounded Italian Prime Minister Silvio Berlusconi, who is criticized for his conflict of interest in owning or controlling 6 out of 7 of the national television stations.

While the proposed media law may be too vague, it is important to be objective about not only its chances for passing, but also the relevant regulatory questions which would arise in any democracy facing such extreme concentrations of media ownership.

### **Freedom of Expression in Comparative Perspective**

The alleged violations listed above are mild when compared with other countries in the region or with Venezuela's past. Tal Cual editor Teodoro Petkoff has said "So far, we haven't experienced the attacks on press freedom that we're accustomed to here in Venezuela [...]." Previous administrations regularly detained and bugged journalists, he told the CPJ in 2001<sup>7</sup>.

While the problems for the press in Venezuela have more to do with faulty law enforcement, other governments across Latin America attack press freedoms as a matter of official policy. This can be seen particularly clearly in the case of Bolivia, where government intelligence officers confiscated the October 15 editions of the daily *El Diario* and weekly *Pulso*. According to Reporters Without Borders, "The first had a front-page editorial supporting calls for the president's resignation, while the second reported that US embassy military experts were advising the Bolivian armed forces on how to handle the crackdown on protests." The report by RWB details other instances of Army and Intelligence personnel intimidating or even injuring journalists<sup>8</sup>.

Other countries, like the Dominican Republic, have detained several journalists for political interrogation and without charge in this year alone, which as recently as August prompted CPJ to write a letter of concern to President Mejía. A similar detention in July had journalist Marino Zapete interrogated about "his political preferences" and his opinion of the President<sup>9</sup>.

The IACHR's Office of the Special Rapporteur for Freedom of Expression condemned Cuba for arresting at least 20 independent journalists between March 18 and 24, 2003,

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<sup>7</sup> Smeets, Marylene. "Venezuela Radio Chávez." *Committee to Protect Journalists*. [http://www.cpj.org/Briefings/2001/Ven\\_feb01/Ven\\_feb01.html](http://www.cpj.org/Briefings/2001/Ven_feb01/Ven_feb01.html)

<sup>8</sup> "Mounting threats and violence against the press". *Reporters Without Borders*. October 17, 2003. [http://www.rsf.org/article.php3?id\\_article=8281](http://www.rsf.org/article.php3?id_article=8281)

<sup>9</sup> "Dominican Republic: CPJ Concerned About Detention Of Journalists". *Committee To Protect Journalists*. August 5, 2003. [Http://Www.Cpj.Org/Protests/03ltrs/Domrep05aug03pl.Html](http://www.Cpj.Org/Protests/03ltrs/Domrep05aug03pl.Html)

and putting at least two (Raul Ramon Rivero Castaneda and Ricardo Severino Gonzalez Alfonso) on trial for crimes that would bear long prison sentences<sup>10</sup>.

In March, the IACHR condemned the arrest of Maria Isabel Arvide, who was detained for slander of the Mexican state of Chihuahua's State Attorney after investigating official links to drug trafficking<sup>11</sup>. In April, the IACHR condemned Mexico for the detention of journalist Humberto Lopes Lena Cruz in Oaxaca, following orders of apprehension after actions had been advanced against him accusing him of slandering the governor's brother<sup>12</sup>. Mexico is one of our primary trading partners.

In July, the IAHCR condemned Haiti for its desacato laws, as well as regular assassinations of journalists that go uninvestigated (such as those of Jean Leopold Dominique and Brignol Lindor)<sup>13</sup>. In September, the IAHCR expressed concern that journalists are required to join associations and receive licenses, and that the Honduran court system is "being used to harass journalists who investigate cases of corruption or drug trafficking, by invoking" desacato laws<sup>14</sup>. In July, the IAHCR Report on Panama said the agency was "troubled by the ... desacato laws that have sometimes been used to persecute, harass and /or imprison certain individuals for voicing their opinions"<sup>15</sup>.

A quick search on the webpages of Human Rights Watch, the Inter-American Human Rights Commission's Special Rapporteur for Freedom of Expression, the Committee to Protect Journalists and Amnesty International shows, on the one hand, grave direct state-sponsored violations of press freedoms throughout Latin America and the world; and, on the other, an inordinate focus on the problems of Venezuela, which are not directly related to the current administration.

### **Desacato and Prior Censorship Laws**

The Venezuelan Supreme Court ruled to uphold several of the desacato provisions in the Venezuelan penal code, citing that private powerful economic and political groups should not be allowed to express thoughts and ideas that potentially weaken "state institutions, for their own or other purposes". He added that Articles 57 and 58 of the Venezuelan

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<sup>10</sup> "Special Rapporteur For Freedom Of Expression Expresses Grave Concern About Judicial Proceedings Against Journalists In Cuba" *Organization Of American States*. April 4, 2003.  
[Http://Www.Cidh.Org/Relatoria/English/Pressrel03/Prelease7403.Htm](http://www.cidh.org/Relatoria/English/Pressrel03/Prelease7403.Htm)

<sup>11</sup> "The Special Rapporteur For Freedom Of Expression Condemns Detention Of A Journalist Charged With Defamation In Chihuahua, Mexico." *Organization Of American States*. March 6, 2003.  
[Http://Www.Cidh.Org/Relatoria/English/Pressrel03/Prelease7003.Htm](http://www.cidh.org/Relatoria/English/Pressrel03/Prelease7003.Htm)

<sup>12</sup> "The Special Rapporteur For Freedom Of Expression Condemns Detention Of A Journalist Charged With Defamation In Oaxaca, Mexico". *Organization Of American States*. April 10, 2003.  
[Http://Www.Cidh.Org/Relatoria/English/Pressrel03/Prelease7503.Htm](http://www.cidh.org/Relatoria/English/Pressrel03/Prelease7503.Htm)

<sup>13</sup> "The Office Of The Special Rapporteur For Freedom Of Expression Released Report On The Situation Of Freedom Of Expression In Haiti". *Organization Of American States*. July 23, 2003.  
[Http://Www.Cidh.Org/Relatoria/English/Pressrel03/Prelease8603.Htm](http://www.cidh.org/Relatoria/English/Pressrel03/Prelease8603.Htm)

<sup>14</sup> "Upon Concluding His Official Visit To Honduras, The Special Rapporteur For Freedom Of Expression Urges The Government To Abolish The Required Association Of Journalists And The Crime Of Desacato". *Organization Of American States*. September 5, 2003. [Http://Www.Cidh.Org/Relatoria/English/Pressrel03/Prelease9103.Htm](http://www.cidh.org/Relatoria/English/Pressrel03/Prelease9103.Htm)

<sup>15</sup> "The Office Of The Special Rapporteur For Freedom Of Expression Released Report On The Situation Of Freedom Of Expression In Panama." *Organization Of American States*. July 8, 2003.  
[Http://Www.Cidh.Org/Relatoria/English/Pressrel03/Prelease8403.Htm](http://www.cidh.org/Relatoria/English/Pressrel03/Prelease8403.Htm)



Constitution establish the right to information and free expression, and that the appeal filed by lawyer Rafael Chavero was based on a not-legally binding opinion piece in a 1994 IAHRRC publication.

International human rights groups have increasingly condemned desacato provisions, which are common across Latin America, as giving undue protection to public figures (who should be more scrutinized than private citizens), and that fail to uphold an “actual malice” standard as defined by the US Supreme Court, which requires proof that the defendant not only said something false, but they knew it to be false at the time of saying it. This was the basis of Chavero’s case, and reflects non-binding statements in the 1994 IACHR “Report on the compatibility of desacato laws with the American Convention on Human Rights” and the 2000 “Declaration of Principles on Freedom of Expression”.

The interpretation of these provisions will ultimately be made by Venezuelan courts without international sanction until such time as prohibitions on desacato laws are made explicit in Article 13 of the American Convention on Human Rights, which establishes the floor for press freedoms for OAS members. It is worth noting that the desacato laws have not been used to detain or charge journalists under the Chavez administration, unlike in Chile, where over 30 journalists have been detained since the return to democracy in 1990, including a high profile case of TV debate show panelist Edgardo Yañez, who criticized the Chilean judiciary for failing to apologize after wrongly imprisoning for 15 years a woman who was charged with killing her son<sup>16</sup>. Furthermore, there still exists a government film censorship board, which until recently had upheld a long ban on Martin Scorsese’s movie “The Last Temptation of Christ”.

Furthermore, international human rights groups have found Chilean courts guilty of prior censorship, as in July of this year, where a court order kept a television program “Engima” about a murder case involving a Santiago lawyer and 2 prostitutes, as the lawyer’s family had filed a suit that the program would “affect their honor and privacy”<sup>17</sup>.

## **Conclusion**

Upon closer inspection, the press problems in Venezuela are more linked to the violent and politically polarized social problems than to official government policy. The constitutionality of the New Media laws, as well as the desacato and prior censorship laws, will ultimately be decided by the courts, which, while not totally independent, are not primarily controlled by the government forces either. Many of the opposition and international claims of censorship are complicated by the media’s outright partisanship, as well as the closing down of community media outlets during the April coup.

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<sup>16</sup> “Chile: Arrest of TV Panelist Condemned.” Human Rights Watch. January 15, 2002.  
<http://hrw.org/press/2003/07/chile072603.htm>

<sup>17</sup> “Chile: Court Censors Television Program.” Human Rights Watch. July 24, 2003.  
<http://hrw.org/press/2003/07/chile072603.htm>