

VENEZUELA – A REVOLUTIONARY EL DORADO?

THE BOLIVARIAN INDEPENDANCE STRUGGLE

Sometimes in the writings of the old and new left both in Latin America and elsewhere, Hugo Chavez' self proclaimed 'Bolivarian revolution' in Venezuela has become a new el Dorado: a symbol of hope for a dream of a 'twenty first century socialist' Latin America (1). The realities of the political economy of oil in Venezuela will show that the new gold – oil – does indeed give Venezuela a new set of financial options, not available elsewhere. The struggle to resist the usual neo-liberal incorporation may be vital for Latin American hopes; the realities however of both the Chavez regime and the possibilities, given the odd nature of the oil enclave economy in the periphery, may be rather more prosaic.

Like Argentina, Venezuela was peripheral to the requirements of the Spanish Empire. Like Chile and Northern Mexico, it formed part of the Empire's defensive frontier. By the nineteenth century, a black slave plantation economy for cocoa and coffee had developed on the cooler mountainous North Coast. On the plains of the Orinoco River to the South a cattle economy grew with meat and leather as the commodities. Wealthy slave owning merchants like Bolivar, whose exports were more linked to the British imperial economy, had more to gain from independence than the colonists of Peru and Mexico, who subjugated more labour or exported silver and were more closely linked to the Spanish imperial bureaucracy. The independence movement, in a way that many Latin Americans would hope for afresh, began in Venezuela and Argentina and spread out from there. It is to this tradition that Chavez appeals.

Unlike Argentina, Venezuela occupied a strategic position alongside the important Caribbean trading routes – for silver in particular – so the Spanish Empire fought brutal wars of re-conquest. The independence struggle became more violent and more savage; all the more so, because in Venezuela, as in Haiti a generation before, this was a struggle where slaves played an important and successful part. Escaping slaves often became the 'llaneros' of the Orinoco cattle lands – the Venezuelan equivalent of the 'cowboys' of the American West or the Argentine Pampas. The llaneros provided a source of troops and funds from exported cattle.

The independence struggles were not only regional wars they were also civil wars. Bergquist argues that the class and racial tensions of Venezuela in the early nineteenth century 'exploded'. As Spanish and other Capital fled the scene, Venezuelan politics became more 'ruralised and militarised' (2). Elsewhere in Latin America where landowners and merchants were more homogeneous and had a viable export economy – as in Argentina and Chile – the ruling class was more able to internally re-conquer the newly independent States. In Venezuela – and Colombia – Bergquist argues it took until the early twentieth century for these dynamic forces to consolidate power. A ruling class consolidation of landowners and aristocratic merchants proved more difficult in Venezuela because of an awkward economic reality: the struggle of the slaves in the wars of independence made them almost impossible to coerce back to work on the plantations (3).

FROM COFFEE TO OIL DICTATORSHIP

As in Colombia, the early twentieth century in Venezuela is well explained by the vicissitudes of the coffee economy. The slopes of the Venezuelan Andes made coffee the export crop of choice by the 1870s – rather earlier than in Colombia and El Salvador. In the 1890s, coffee, cocoa and cattle accounted for 90 percent of exports. By 1900, coffee already accounted for 75 percent of exports and via tariffs on the exports the lion's share of government revenues. When the ruling class eventually took over, it often did so via the military 'caudillos' – in the tradition of dominant warrior leaders inherited from the Conquistadors. The coffee State of Tachira became dominant politically as reflected in the victory first of Cipriano Castro in 1899 and then of Juan Vicente Gomez who ruled from 1908-35. The incipient violence of Venezuelan society still boiled over. Castro took power after over 40 battles **while** over 3,000 were killed (in a population of 2.5 million). 'Order' was provided by the military that took 50 percent of government spending.

The granting of huge areas as oil concessions to foreign companies over time changed the balance of political as well as economic power. A huge social dislocation was set in motion. The first concession in 1907 came as oil was being discovered in Iran and in 1912 a second concession was given for 70 million acres (4). The first commercial oil find in 1914 was quickly taken over by Shell – mindful of an over dependence on Indonesia at the time. As early as the Great War, Exxon was also looking for cheap pickings in Venezuela. US policy makers were already worrying about oil being short – particularly in the post war boom after 1921. At this time USA imports came from Mexico. Venezuela only produced a million barrels a year compared to 193 million from Mexico. But Mexico was a 'revolutionary' regime.

The USA produced and consumed around 70 percent of the world's oil when Venezuela output began. Concession legislation was pushed onto Mexico's pre revolutionary model and was written by the companies. Both Exxon and Shell shifted their intention southwards. Output rose from 3 TBD to 55 TBD in 1921-25; even at this low level, oil exports surpassed those of coffee. As Mexican output peaked in 1921, Venezuelan production passed Mexico in 1927, but it took until the late 1930s for it to reach the old Mexican highs (of around 550 TDB). With the development of oil came the potential destruction of the indigenous peoples' way of life. The new oil fields near Lake Maracaibo ran across the winter hunting grounds of the Motilon people, threatening their food supply and they retaliated by attacking the oil camps. As Venezuelan production took off in the late 1920s only 3 per cent of the Venezuelan labour force worked in oil – but nevertheless the number of oil workers grew from 5000 in 1923 to 20,000 in 1927 and 24,000 in 1929. Migration picked up and Maracaibo, which had been a sleepy coffee port of 40,000, doubled in size in the 1920s to become Venezuela's second City.

Gomez had cleverly used the 1920s US debate about potential oil shortages. In 1919, he had given 65 concessions to local cronies, thus forcing the US companies to buy them out. Gomez imprisoned those who refused to sell land to his allies. If the coffee customs revenues went to the State, control of the oil concessions meant that some oil revenues went direct to Gomez' cabal. From this a patronage system was built independent of the old grandees (5).

THE MODERN MAGICAL STATE

Coronil in his classic study in the 'Magic of the State' sees the oil revenues like a new El Dorado raining riches on the Venezuelan State; the fight over their control becoming as in much of Latin America and Africa, the key to Venezuela's political and economic future. The official story of Venezuela he argues has 'modernity' dated with Gomez fall and subsequently the foundations of its democracy better established than anywhere else in Latin America. Coronil argues that it was oil's magic however which underlay the basis for Venezuela's 'modernity'. The newly rich upper classes of Venezuela looked to the USA for their cultural affinity not to the rest of the South. The Venezuelan elite has usually ignored the ordinary people's experiences and history, but they have been confronted by it now under Chavez.

Until the 1920s the oil companies saw the political risk in Venezuela as virtually 'non existent'. There was little government inspection of the companies' business. Taxes and royalty payments were low, there was no pressure to explore the huge acreage quickly, nor was there any restriction on the enormous land holdings the companies had obtained. The concession rules of 1907 and '12 were not changed until 1943.

Agriculture became progressively less important to both State revenues and GDP. Coffee export revenues from Venezuela doubled in 1908-28, but largely from increases in price not quantities. After the depression of the 1930s neither coffee nor cocoa production recovered for a generation. Agriculture's contribution fell from 27 per cent of GDP in 1920, to 18 per cent in 1935 and to only 10 per cent in 1945 - like a modern industrial economy (6). Even in 1928, oil revenues were three times higher than those from coffee. Oil accounted for 75 percent of exports in 1928; it accounted for 90 percent in 1936.

The key development was the growth in government revenues. These rose fourfold in the 1920s and even with the low tax rates in Venezuela (which held until the new legislation of 1946), oil accounted for 50 percent of government revenues by 1929. New Government administration provided jobs in Caracas, which also grew from a small town of 90,000 in 1920 to 269,000 by 1941 (7). The injection of oil money into the local economy tended to be inflationary, where there was no local production of consumer or capital goods to meet the new demand; but in 1930, Venezuela was completely free from foreign debt.

Gomez provided a comfortable background for the oil companies. The British Ambassador described him as an 'Absolute Monarch' - like the Shah of Iran. A Venezuelan Marxist historian calls Gomez a 'Liberal tyrant'. As in Italy and Spain, Venezuelan 'liberalism' constituted an alliance between the old landowners and the upper middle classes. In Venezuela the only lubricant of this alliance came to be oil. Elwell describes Gomez as a 'bridge' between the old caudillos and the 'modern bureaucratic State' and as the link with its 'first modernising elite' (8).

THE POLITICS OF OIL

Venezuela's capitalist State and class was totally dependent on oil - in a more thorough going way than an ancient empire like Iran. Reform too, unlike Iran, was going to be built on oil alone. In the 1930s and 1940s Venezuela was the world's largest oil exporter. In 1939 Venezuelan oil exports represented nearly 50 percent of the world's export trade in oil and 90 percent of the oil imports into the USA. The nationalist modernising elite part began to see that integration into the majors' controlled oil industry was going to present problems for Venezuela..

The oil and oil concessions gave Gomez an alternative political base to that of the old landowners, but it also meant that in the end the whole of civil society, including the military, the aristocracy, the growing working classes and the rural peasants all turned against him. This would be akin to the overthrow of Somoza in Nicaragua, except Somoza managed to keep the military on side for longer. Gomez' death in late 1935, presented all the usual issues for an all class alliance against the oligarchy's dictatorship. As with the Shah in Iran or Saddam Hussein in Iraq, oil was both the means and purpose for building the client King up, it also provided the social forces that were to undermine a personal rule. Both class struggle and the new working class became the prime guarantor of the 'revolution' that in fact established a new capital driven social order.

Life was not easy for the oil workers. Although wages were four times those of farm labourers, the bad and dangerous working conditions led to the first strike in 1925. The strike was put down by the army but the first labour laws were in place by 1928 after a student revolt. In 1935 an unsuccessful General Strike was followed by a peaceful demonstration in February 1936 that ended violently. Retaliation led to the mansions and cars of the rich being burnt - a history from below - which was to be a foretaste of 1989. In November another General Strike broke out in the oil province of Zulia that lasted 42 days and became a fight for trade union recognition. The oil companies refused to deal with such trade unions until 1945.

Roman Betancourt wrote the 'Politics of Oil' in hiding in 1937-9 arguing that the oil companies ruled by 'fraud and deceit, trickery and double dealing'. The urban workers often had the smaller local middle class on their side; an incipient bourgeois, which Betancourt represented, wanted to see the oil money used for industrial development. A new Petroleum Law claiming higher royalties in 1938 was one result, but was never enforced (9).

The opposition to the dictatorship was an all party alliance, including elements of a reforming military under Major Jimenez. This broke up 1938 when the Communist Party (PCV) and Betancourt fell out. In 1941 Accion Democracia (AD) was founded. Bergquist describes it as a middle class nationalist movement that was against the domination of foreign capital. Apart from its middle class membership base, it had strong support in the rural areas and amongst agricultural trade unions. The political key was that for both urban and oil workers it competed with the PCV for support. Bergquist argues that the demands of the alliance of military reformers and AD were a 'superficial liberalism' but challenged the companies nevertheless.

IN THE NAME OF DEMOCRACY

The nationalisation of Mexican oil in 1938 meant that the US State Department no less encouraged the companies to be more liberal. They began to build roads, housing and with literacy in Venezuela only at 25 per cent began to provide both medical and adult education. Worker saving plans were begun rather than profit sharing. With the USA and UK anxious over their oil supplies in the war legislation in 1943 increased tax revenues. After these liberal concessions, Betancourt's AD stepped up their struggle against the PCV. The Communists had borne the brunt of repression - in disturbances in 1928-31, as a worse slaughter took place in El Salvador. Many of their leaders died in jail. In 1944 the AD turned on the Communist trade unions. 12 of the 14 trade unions were dissolved, whilst the AD trade unions remained unscathed. As demonstrations again broke out in June 1945, the US acquiesced to the coup which brought the new 'Trienio' regime to power. Young army officers led the coup - in a style that was to be repeated and held together an alliance of party (AD), elements of the labour movement, the incipient capitalists and the middle classes. AD as representatives of a State dependent middle class had taken the opportunity of popular discontent to align itself with a reforming military (10).

AD later long proclaimed its achievements in the three years of power. As oil prices doubled in 1945-8, government revenues went up fourfold. As often in Venezuela an improving oil situation accompanied and funded a radical phase; whilst repression went alongside falling prices and/or output. In 1946 the workers were brought on board the new regime with large wage increases - up 30 per cent in real terms in 1946 - and up 50 per cent to 1949. Nominal wages doubled. In its expansionary phase, the oil labour force expanded from 22,000 to 55,000 in 1938-48. Industrial output from a very low base increased 250 per cent in 1944-8. Trade union membership rose from 25 to 140,000 and those for rural workers from 4 to 40,000. AD membership rose from 80,000 to 500,000 by 1948. If 1936 had been the high point of the old struggle, now the coup concluded a decade of struggle. Coups were not unacceptable in Venezuela if they delivered the goods. In 1945-8 nominal civil liberties and the franchise came after the coup. In the Congressional elections of 1946 AD took 78 per cent of the vote and took the Presidency (with a 70 per cent vote) in December 1947 - the first President (Gallegos) to be elected under universal suffrage. In the '46 elections a Christian Democrat party (COPEI) took 13 per cent and the PCV only 4 per cent. Bergquist argues that the AD was driven by a desire for power - a pre-emption before the workers and the PCV became more powerful. For Coronil many workers saw a clique in power in a new guise, a national bourgeois attempting to use them, neutralising the military by negotiations from above rather than a real appeal to popular power. AD ruled in the 'name of democracy'. Such a revolution from above averted any popular revolution from below for another 10 years - until 1958 (11).

For the companies being ruled in the name of democracy had gone for enough by 1948. The profit sharing agreement set at the famous 50/50 level had set a precedent for the Middle East - and complicated negotiations in Iran. The Venezuelan State had also refused to offer any new land for exploration concessions. With the huge increase in local costs, it was enough for the companies to say that the Trienio was not working. AD could be attacked if any strikes broke out, as they had not managed to keep an inter-class peace. As new sources were brought on stream in the Middle East, Venezuelan output fell. 10,000 workers soon lost their jobs in the oilfields.

THE MILITARY AND 'MODERNISATION' IN VENEZUELA

Once the expansionary oil phase ended in 1948, liberalism was replaced by a new repression. Only 9 months after the Presidential Election a military coup under General to be Jimenez in November 1948 overthrew the AD regime because of its economic 'mismanagement'. As some waxed lyrical about the different traditions of Venezuelan democracy compared to the military style regimes prevalent in Latin America until the 1990s, they conveniently forgot both the dictatorships before 1945 and the ten years of military rule after 1948 (12).

The other key issue for which the coup came just in time was the old elite's opposition to land reform – an old Latin American (and Spanish) problem. 4 per cent of the landholders in Venezuela still owned 78 per cent of the land. Bolivar had issued a decree in 1816 to win support for the Independence struggle giving land to the peasants, but in 1937 85 per cent of usable land was dominated by the cattle barons - for whom 90 per cent of the peasants worked as semi proletarians. After the military coup land expropriated from the Gomez family was returned.

By the time the AD led a poorly organised general strike against the coup in February 1949, it was too late. This time it was the AD trade unions that were dissolved - the companies had put up with them for less than four years. By the new Election Law of 1951 both AD and the PCV were made illegal. In the 1952 'election', where the pretence of 'democracy' was momentarily re-enacted, the URD party (backed by both AD and PCV and in which Luis Manuel Miquilena played a part) appeared to be winning, so the elections were cancelled. Strikes were banned. Even the Christian Democrat leaders were in exile.

The mix of middle class civilian and military leaders now suited the oil companies very well for most of the 1950s. Oil output doubled under Jimenez' military rule. According to Coronil, the income from Exxon's Venezuelan subsidiary was enough to pay half its global dividend pay out. Foreign investment in Venezuela industry rose threefold in 1950-57, 70 per cent of it from the USA. Borrowing from Betancourt's old strategy of 'sow the petrol' industrial investment increased from 174 million bolivars in 1950 to 4.9 billion in 1974. Urban wages were 3 times higher than rural so the transition from an agricultural to an oil industrial economy was far easier than in next door Colombia, as the percentage of the labour force in agriculture dropped from 71 in 1936 to 37 in 1961. The labour problem in Venezuela largely became an urban problem, so that today 80 per cent of Venezuelans live in the urban areas.

In 1957 oil now provided 70 per cent of government income: oil revenues had increased 11 times since 1950 and government income by 8 times. Continuing centralisation of power in Caracas led to a population explosion and a building boom. The construction workforce grew from 24,000 in 1936 to 180,000 in 1958. Caracas population of half a million in 1950 had grown to 787,000 by 1961. The country's overall population doubled too from 3.5m in 1941 to 7.5m. Skilled industrial workers came in from Spain and Italy. The death rate fell sharply from 27 per 1000 in 1936 to 7 in 1961; life expectancy rose from 38 to 61. Labour's share of national income tells the story of the success both of its pressure - rising from 46 per cent in 1936 to 61 per cent in 1949, falling back with repression to 52 per cent in 1957. In the new oil regime some got fat while others got relatively poorer (16).

THE PUNTO FIJO PACT

Coronil argues that the reasons for the military's fall in early 1958 was basically the same as the reason for its success in 1948 - that is, a widespread sense of 'economic crisis'. The key was the linking of public works expenditure through a host of sub contractors linked personally to Jimenez. Some of these contractors over expanded and went bust. This disenchanted even his military support, so that on New Year's Day 1958, the army fought the air force for control of the Presidential palace. New elections were due and the attempts of Jimenez to control COPEI failed, as the Christian Democrats and the Church were too aware of public dismay. The COPEI leader Rafael Caldera was arrested. As even the US State Department was encouraging the companies to change their views and make links to the middle class political parties, student unrest and then on the 21st of January a demonstration of 800,000, a general strike and two days of street fighting heaped up the pressure. On 23rd January a new compact led by the military and signed by both AD and COPEI - the Punto Fijo pact at Caldera's house - signalled the end of the military dictatorship and the second beginning for Venezuelan democracy.

In the new 'civilian' era, the middle class politicians still needed the military. Not the least because real popular unrest from below was still a worry; made more dangerous if ever the oil economy appeared to get worse. In the subsequent election Betancourt's AD won with 1.3 million votes, versus the URD and PCV gaining 0.9m and COPEI 0.4m. For Gott, Venezuela had been given into Betancourt's 'grasping hands'. Betancourt had gained 49 per cent of the popular vote, but only 13 per cent in Caracas and even less in the barrios, where in 1958 Castro had been welcomed but Vice President Nixon had stones thrown at him (17).

The AD and COPEI now came together to keep the PCV out of power. Despite its lower vote COPEI was offered and took cabinet positions. Betancourt became increasingly dependent on COPEI which pushed him inexorably to the right. Voting for the National assembly was by party slate not individual candidates and State Governors were appointed. 'Acta mata voto' - 'The tally sheet kills the vote' - became the duopoly's unofficial slogan'. Not surprisingly, any radicals left in the old nationalist coalition split from the AD in 1960 taking 14 out of 73 deputies and the youth wing with them into the Movement of Left Revolution (MIR) (18).

Betancourt publicly split with Castro in 1961 and the University of Caracas was closed, as were opposition papers, while a new national police force was organised against popular protests. In May/June 1962 a transport strike in Tachira province became a national strike while further bloody revolts in Caracas gave Betancourt excuse to ban both the MIR and the PCV. Even so, there were occasional attempts by the old military and oligarchy to come back via coups.

THE VIOLENT DECADE

If in 1945-8 a military coup government was legitimised by a popular seeming democracy; after 1958 a civilian government used increasingly dictatorial powers - if not military ones - to assert its right to power. In 1961 the MIR and in 1962 the PCV launched armed struggles both as much against Betancourt's increasingly dictatorial rule as against the Venezuelan government or even the oil companies. The focus of these guerrilla movements was in the rural areas - where AD had traditionally been strong and ironically the PCV was weak. Both emphasised the complete absence of any land reform. Any open peasant organisation was virtually impossible as 200 peasant leaders had been executed by the army. Releasing its leaders from prison, soon led to the PCV backing out of its support. Nevertheless, by 1966 60 per cent of the armed forces were used in the rural areas against peasant/guerrilla resistance, with indiscriminate bombing common. In a three day battle at the naval base and town of Puerto Cabello the city was bombed as if was enemy territory. Several hundred were killed in the West Caracas barrios. In the rural areas Venezuela may have felt like today's Colombia. The 1960s are still known as the 'violent decade' in Venezuela today (19).

Not surprisingly AD and COPEI began to lose popular support - their Congress votes falling from 94 per cent in 1959 to only 41 per cent by 1963. With Middle Eastern production booming, the oil majors claimed that their Venezuelan operations were 'no longer profitable' in the early 60s (no longer as excessively profitable would have been more honest). Employment in the oil fields fell from a peak of 55,000 to 45,000 in 1958 and by a further 30 per cent in 1960-67. Overall Venezuelan unemployment went back up to 15 per cent in 1962. Around 1964 Venezuela looked perhaps as ripe for a military coup as did Brazil (20).

What saved Venezuela from military dictatorship again in the 1960s? Well, oil plus a bit more industrialisation again. Although prices were flat Venezuelan oil production increased from 2.6 mbd in 1958 to 3.5m in 1965. This enabled the new pact parties to buy support via patronage and clientalism, especially via peasant unions under AD control in the rural areas. A limited land reform was enacted while social spending on health education and water rose to 28 percent of government spending by 1973 and to 31 percent over 1969-73.

In the shanty 'barrios' growing up around the major cities, squatting was effectively permitted by licenses controlled by the AD and COPEI. Distorted by oil and unequally distributed Venezuela's per capita income even as early as 1957 was nevertheless higher than that of Germany or Italy; it rose a further 20 per cent in 1961-5. In the 1960s it was rising oil output that was Venezuela's salvation from the fates of Argentina, Brazil and Chile. From 1973 it was rising oil prices.

THE DEVIL'S EXCREMENT

The boom in oil prices after 1973 then led to a boom in Venezuela. AD and COPEI kept their ascendancy taking 85 percent of the vote between them in '73 while parties to the left (PCV had been legalised again in 1969 and the MIR in '73) took 10 percent. The top 20 per cent took 65 percent of income; the poorest 40 percent took 8. The workers' share of national income which had risen from 55 percent in 1958 to 61 percent in 1961 fell back to 46 by 1973. President Carlos Perez, who had been Betancourt's secretary in 1945 and the Interior Minister orchestrating the campaign against the guerrillas, came to power in 1973 when government spending doubled on the back of oil prices. In 1979 to 1985 spending tripled again. Oil revenues in the four years between 1973-7, exceeded those of virtually the entire post war era to that point (from 1947-73).

Venezuela experienced State Capitalism 'with a vengeance'. By 1975, State companies accounted for 62 percent of exports compared to 23 percent in 1960. Following the nationalisation of the iron industry in 1975, the oil companies were taken over in 1976 to create Petroven (PDV). Unlike Mexico in 1938 or Iran in 1953, it was not seen as an especially revolutionary move; oil companies from Iraq to Saudi Arabia were then being taken over. 1976 does perhaps mark however the furthest limit of the Statist social democracy that could be enacted under the (Punto Fijo) Pact Regime. In 1976 at one stroke PDV had then become the ninth largest oil company in the world. The scope of its oil revenues made it easier for the regime to survive without having to carry a broad coalition with it while pushing up PDV's costs and bureaucracy (21).

When oil prices went into decline in the 1980s it was Perez himself who was to say that oil had landed Venezuela in the 'devil's excrement'. Now the need to hold the old patronage system together could only work by spending more and more money that the Venezuelan State no longer had. Government spending tripled from the lowest point of oil prices in 1985 to 1989. As the Mexican economy lurched into a massive debt default in 1984/5, Venezuela's own foreign debt was getting out of control, rising from \$24 billion in 1983 to \$36 billion (or to \$59 billion on other calculations) in 1986. Debt had risen from 9 percent of GDP to 46 percent. Servicing the debt rose from 8 to 40 percent of exports. In the reverse direction to Gordon Brown in the present era, Perez went from State Capitalist to Neo-Liberal in rapid quick time. As in Chile Perez was surrounded by his own 'Chicago free market economists' – two US trained ministers from MIT and Yale. From 1983, Venezuela thereby shared in what many in Latin America saw as the lost decade of the 1980s. As Coronil puts it (as in 1948 and to a degree in the 1960s) Venezuela's elite 'populist project' was heading for its biggest crisis since the removal of Gomez in 1936 (22).

The left response to the crisis was conditioned by the marginal position it had been trapped in from the 1960s. Breakaway movements like the MIR had been repressed or contained, and another the MAS (the Movement Towards Socialism) created in 1971 as a 'Euro-communist' style break from the PCV had struggled. Teodoro Petkoff, the MAS candidate in 1988, only managed 3 percent of the vote (Perez won again with 55 percent).

LA CARACAZO - 1989

If Perez had inherited a 'time bomb' he managed to set it off as soon as he and the IMF came near it. Within 2 weeks of formally taking over again in February 1989, amongst the usual IMF adjustment nostrums, he doubled the cost of transport. For city workers this pushed up transport costs for their daily commute to 25 percent of their incomes. Food and other shortages now became endemic as supermarkets hoarded in anticipation of further price rises. What Coronil calls the 'popular anarchic current' within Venezuela exploded. By the end of February, 19 cities were involved in protests. In Caracas on February 27 the students put up road blocks, the subway was shut, thousands walked the miles home in tropical heat and by evening looting was taking place. The police sent in to stop it sometimes joined in, while firing tear gas to cover their own looting. Perez who had been busy attending an ostentatious wedding for the super rich Cisneros family, owners of the TV Channel that was to be so anti Chavez later, ordered the military to clear the streets. The result was indiscriminate shooting in the barrios. The numbers killed are disputed – the official number is 267, the unofficial is in thousands. Folk story tells of mass unmarked graves.

In Venezuela the troubles became known as la Caracazo. The Latin American equivalent is usually cited as the Bogotoza – the riots in Bogota, Colombia in 1948 after the radical Liberal Presidential candidate Jorge Gaitan was assassinated (23). The descriptions remind me of the Russian cities in 1905. The Venezuela folk stories tell of 'the day the poor came down from the hills' – 13 years later they were to come down again in support of 'their' President Chavez.

What is now clear with hindsight is that the killing of la Caracazo finally killed the Perez Presidency, just as it had begun again. It also marked the beginning of the end of Venezuela's 'ancien regime'. The ruling elite in power from 1936 – or certainly from 1958 – were finally to be toppled. But it was to take another 15 years to complete the process. Not until the defeat of the anti Chavez coup of 2002 were the old Venezuela elite finally put out of political power. Their TV channels, with plenty of US help still parade their ideological power. Today the Venezuela ideological struggle is worth observing as it shows in the raw (as do Iraq, Iran and Afghanistan in the military sense) the global propaganda battle for and against Capital and its client elites that rages ever more today as the global economy in 2009 swings into recession. For as Tariq Ali remarks la Caracazo marks the first major protest against neo-liberalism; ten years before the Seattle protests at the G20 (24).

The old Venezuela regime, like the Tsar, managed to rumble on after 1989 as if nothing had happened. Gott argues that la Caracazo slowed but did not stop the neo liberal reform programme. Congress did drag its feet however and there were no privatisations in the first year. The old corruption got worse as private capital flight accelerated. PDV was like any other global Corporate shifting up to \$500 million profits a year abroad and was becoming more powerful as the poor got poorer. The poorest 40 percent of the Venezuelan population were to see their share of national income fall from 19 to 14 percent over 1981-97, as against the top 10 percent taking 33 percent instead of 22 percent. It reminds me of Fiat in 1920 (25).

THE 1992 COUP AND THE RADICAL CAUSE

Into the impasse of Venezuelan politics in the early 90s entered Lieutenant Colonel Hugo Chavez Frias, the leader of a coup attempt in February 1992. The economy had boomed in 1991 on the back of Gulf War high oil prices, but it was soon back to its old corruption. Like many of the more radical in the army, Chavez came from the lower middle class in the poor rural State of Barinas but the army had provided him with a University standard education. Chavez was according to his US biographer a man of the left by his early 20s inspired partly by his own relatively poor background, by his experience of the indigenous people on his assignment near the Colombian border, and of the radical military regime he had visited in Peru in 1974. Unlike some suggestions that Chavez had no links with the labour movement before 1992 – although the clandestine nature of the planning of the coup hardly helped – Chavez did have particular links with the ex guerrillas like Communist leader Douglas Bravo (the CIA's most wanted man outside of Cuba in Latin America) and Alfredo Maneiro, the ex Communist founder of La Causa R party (The Radical Cause).

The Radical Cause Party had a particular base in Ciudad Guyana, the new Harvard designed City, based on steel and aluminium, at the junction of the Amazon and Orinoco Rivers, 450 miles east of Caracas in Bolivar State. From a small town of 40,000 in 1961 it is now a million strong with many migrants and political refugees from Argentina, Chile and Colombia who may have aided its radicalism. Founded in 1971, the Radical Cause had victories for the mayor of Ciudad Guyana and the Governorship of Bolivar State in the elections of 1989. Causa R had known about the 1992 coup in advance, but had refused to commit itself too much. In 1992 soon after the coup attempt their candidate (Aristobulo Isturiz) won as Mayor of Caracas. Chavez did not have too many hard feelings: his later 'oil tsar' in 2007 – Ali Rodriguez - came from Causa R, while one of Chavez' co-conspirators in the military in 1992, Francisco Arias Cardenas won the election for Governor of Zulia, the oil rich State, in December 1995 as a Causa R candidate.

Appearing on TV for the first time after the coup had been put down Chavez appeared in his trademark parachute red beret and to the amazement of the Venezuelan political class took responsibility for his failings. The prospect of change had failed 'for now' as Chavez held out the hope that change would come. 'Por ahora' – for now - became a slogan for as Chavez was told in jail 'on the streets you're a hero'.

As for the conventional politics, Estes argues that the 1992 coup 'mortally wounded the neoliberal duopoly'. This is not so – 1989 killed it. But 1992 began to offer an alternative. Perez was soon indicted on corruption charges, while by supporting the sentiments behind the coup the founder of COPEI, Rafael Caldera ran as an Independent in the 1993 Presidential Election and won (but with only 30 percent of those voting). Causa R ran him close and claimed that some of its strong areas had their election boxes dumped. In the Congress elections the old elite parties Caldera's COPEI (23 percent) and AD (24 percent) still kept close to a majority of the votes cast in a poll in which nearly half the population did not vote. There was a three way even split with Causa R (22 percent), which had made a major electoral advance (26).

1998: WINNING ELECTIONS – HOPE IS IN THE STREETS

Real wages continued to fall in the 1990s. Two third's of the population was officially designated as poor in a country rich in resources – gold, iron ore and hydro electric power – as well as oil. 84 percent of the rural population were classed as poor. Like Perez, Caldera's continued neo-liberal efforts were getting nowhere in a 90s economy dominated by falling oil prices. Yet Government spending had gone mad in the attempts to buy off the resentments that had surfaced in the Caracazo. Government spending – already under pressure – had trebled again after 1989. Inflation was 100 percent in 1996.

Chavez was freed under a promised amnesty by Caldera in late 1994, and was mobbed by supporters in the working class barrio of Catia, in the West of Caracas (an area where Causa R had long worked). Taking a leaf from Cardenas' book and encouraged by Miquilena he decided to run for President in 1998, under a slogan remarkably like that of the anarchists in Barcelona 'hope is in the streets'. When it looked as though Chavez was winning the popularity contest against the beauty queen (Irene Saez) initially put up against him by the old elite, elements of the older left began to join the Chavez bandwagon. Although Petkoff had been a Minister of Planning under Caldera, MAS which had won 4 State Governorships in its own right already joined Chavez' new 'patriotic coalition' PP (Polo Patriotico) in June 1998.

Chavez won 56 percent of the Presidential vote in December 1998 – the first of his many electoral successes. Like Ahmadinajad in Iran, like it or not in the US State Department, Chavez already had a popular legitimacy in Venezuela that well exceeded George II or Brown. The 1998 majority was the biggest for any President in decades. Especially after the events of an attempted coup against him in 2002 what had initially been some middle class support for Chavez was overwhelmed by a large majority of support from Venezuela's new working class and the poor (27).

Chavez' political power has never been total – as his defeat over the Enabling Legislation in 2007 revealed - there were political (never mind economic and cultural) limits. In 1998 Perez won the Governorship of his home State (Tachira) and although Hugo's dad was elected Governor in Barinas, AD still held 8 Governor posts alongside 8 for the new PP.

The political economy that Chavez inherited from the 'oligarchy' in 1999 he described as an 'immense and putrid swamp'. As one worker put it Venezuelan 'democracy is infected and Chavez is the only antibiotic we have'. Chavez himself proclaimed that the 'resurrection of Venezuela has begun'. But as oil prices fell to new lows in 1999, the GDP fell by nearly 10 percent. Congress agreed that for six months Chavez could rule by decree. Contrary to US myth building, Chavez first chose to act carefully. Like Brown he spoke of prudence. Many of his first appointments were conservative – an old style Economics Minister and a businessman to run PDV – although there were ex Communist and University radicals like Miquilena as advisors. Trying to have an impact on OPEC, where Venezuela had been one of its traditional leaders, Chavez spent 5 months of his first 3 years out of Venezuela (including a visit to Saddam's Iraq not liked by the US power elite).

INCREASING DEFEATS FOR THE OLD ELITE

Symbolically on the 27 February 1999 Chavez sent out 70,000 soldiers to work on roads and hospitals. Chavez' military mind believed perhaps that the army was the only institution in old Venezuela that worked. When huge mudslides devastated the poor on Mount Avila outside Caracas in December 1999 killing perhaps as many as 20,000 people, it looked according to conservatives in the Catholic Church that not even God was on Chavez' side. For the Western corporate media and the old elite it was certainly taken as a God versus 'dictator' Chavez. As with 1992, Chavez' apparent failure increasingly won him the hearts of many poor – throwing himself into a whirlwind of action – he was a leader that came from them and cared. Chavez donated his Presidential salary and sold the Presidential limousine and plane. 14,000 people were rescued by the navy after being swept out to sea. US aid was accepted and then rejected, as US warships steamed within half an hour of Caracas.

Alongside constant attacks from the old elite, within a year Chavez' broad and rushed together coalition began to have its first major defections. Arias Cardenas attacked the 'corrupt kingmaker' – Miquilena - in February 2000 and announced he would run against Chavez for the Presidency. In the Declaration of Maracay (where the military base had provided Chavez with major support in the 1992 coup) other top military condemned corruption and bureaucracy while mudslinging at Chavez' demagoguery. While most middle class Venezuelans normally describe Chavez as a 'communist' Bravo's wife (married therefore to the most significant 'Communist' of contemporary Venezuela) started to work for Cardenas.

After an amended Constitution in the Presidential Election of 2000 Chavez comfortably beat his old ally (who ran on his old Radical Cause platform) with his vote going up to 60 percent and his absolute vote going up by nearly 100,000 to 3.8million. Chavez had won in every State (bar Cardenas' own Zulia); in '98 Chavez had won in 18 out of 24. The PP had 14 Governors, the AD Governors had fallen from 8 to 2 and COPEI's from 5 to 1. 2000 was an even bigger political and electoral defeat for the old elite. It had lost most of its bases of local power. A candidate from Chavez' close ranks had also been defeated. From here the politics and economics of any new working class Venezuela was to hot up even further.

In new 'Enabling laws' in November 2001 Chavez began to make small inroads in the Establishment's economic power – especially on the land and in Oil. The first was a land reform taking away idle land. This only affected 1 percent of owners, in a country which imports 75 percent of its food and which had 2 million landless in the rural areas. Landowners – Colombian style – began to raise their own militias. In 2001-5, especially in the Merida area (which a long tradition of radicalism at the University of the Andes) at least 130 peasant leaders have been killed. Yet by early 2005 2.2 million hectares have been settled by 117,000 peasant families (28).

THE COUP OF 2002

The keys were again to be in the real economy. As the global economy turned down briefly after 9/11 and oil prices fell, government spending was cut by 10 percent. Unemployment rose again in 2001. Unreliable indicators of popularity – biased by middle class interviews in the corporate media – had Chavez' ratings falling from 65 per cent in June '01 to 35 percent by January 2002. The other key however was Chavez' attack on the PDV; it was also stopped from breaking OPEC production quotas. Oil royalties (which took no account of costs) were increased from 17 to 30 percent though profit tax (which did reflect 'cost') was cut from 68 to 50 percent. The PDV, which Chavez had criticised as far back as 1998, as a 'State within a State', had been buying off its managers and the oil workers in collusion with the tame trade union confederation (CTV). Fedecamaras – the business chamber lobby organisation - led by a vocal Pedro Carmona and the CTV called for a General Strike against the Enabling Laws in December 2001. In the strike two out of five oil export terminals shut. Although the man they hated – Miquilena - resigned in January 2002 (and was subsequently tried and acquitted of corruption charges) Chavez pushed the boat out further. The Head and 5 of the 7 man board at the top of PDV were fired. Chavez now faced a hostile management, white collar staff and some oil workers at PDV, as well as elements of a disgruntled military.

The old elite, encouraged by their USA power brokers saw an opportunity. A sign of changing US policy came with the removal of their old ambassador, who had vetoed meetings between dissident Venezuelan military and US 'attaches'. In March 2001 Otto Reich (associated with the Iran contra scandal) was made the main Latin American advisor to the State Department under George II who wanted a new 'fire extinguisher' versus the Latin American left. In October 2001 Chavez increased the hostility of the Bush regime by attacking the US war in Afghanistan and having Castro to visit. Tariq Ali suggests that the CIA had helped plan the coup for a year – from Reich's appointment. The CIA Director announced that Chavez would not finish his full term – as if it was a US call – unless he changed his ways. When Zapatero became Prime Minister later he discovered that Spain had been involved in coup planning he apologised. By March 2002 the CIA was briefing a coup was likely – they would know.

When an anti Chavez demonstration (led by the ex Head of PDV) was countered by a pro-Chavez one, the media's dirty tricks came to the fore. All round the world videos were shown of Chavez' followers supposedly firing on the anti-Chavez march. They were firing – at police and military snipers – who were shooting at both marches. The coup planners had wanted to cause maximum confusion. When the truth came out there was no apology. The Cisneros TV Channel was at the heart of the misinformation – when Chavez was removed later all journalists were ordered to use no pro Chavez material. US warships conveniently placed off the coast were supposedly on normal training exercises. The plotters were reportedly given the go ahead from the USA. When the coup came, the US administration could barely control its glee. Aznar in Spain also came out in support too. The New York Times reported that with the removal of Chavez, the dangers of a Venezuelan dictatorship were gone. This is Bush CIA and corporate media imperial double speak. The opposite was the case. A weak (as it turned out) Dictator had just been installed and a democratic President put in jail.

THE REAL THING: THE VENEZUELAN REVOLUTION OF 2002

Gott points out that the Venezuelan coup of 2002 seemed remarkably like 9/11 1973 in Chile (or indeed Iran in 1953) in terms of US involvement (29). Then the differences start to emerge. Castro had warned Chavez not to do an Allende and die in the Presidential Palace. Chavez surrendered to save bloodshed and Carmona was made President. It was put about that Chavez had resigned. Again Castro proved crucial – Chavez was allowed to phone him by friendly troops and it gradually surfaced that Chavez was under arrest but refusing to resign. The biggest irony then developed: although there still was a legal President, the new regime unveiled Carmona while swearing loud Orwellian allegiance to ‘democracy’ and abolishing the national assembly in which Chavez supporters had a majority of 105 out of 165 seats. The Archbishop of Caracas signed up to the old elite’s new regime. On the first of only 2 days of the Carmona ‘Presidency’, the new US (and Spanish) ambassadors were his first visitors; the American had not met Chavez since his arrival six weeks before. The media moguls followed them in.

The next key point was the role of the military. It was divided. Already the ordinary troops had shown their ambivalence about Chavez’ ‘arrest’. Some lower ranks sent allegedly to execute him could not bring themselves to do so. General Raul Baduel in Maracay remained loyal to Chavez, as did the Presidential Guard and Chavez’ old paratroopers.

The most important development of all was that the barrios began to learn that Chavez had not resigned. Within a day they had surrounded the Presidential Palace. With the soldiers refusing to fire on the poor, Chavez’ military supporters now threatened to take Carmona from the Palace and he promptly fled. The coup was on the Friday; by Sunday Chavez was back in his office. With most of the soldiers and the barrios on the same side, this was February 1917 Venezuelan style (29).

The old elite had suffered their most important defeat of all. They had lost their electoral power, their local power and now most of the military. All that was left was the media and PDV. Wilpert’s summary is that the coup was an attempted ‘counter revolution’ against the electoral victory of 2000. The coup had pushed Chavez onto a more radical route. Wilpert is in part following other Venezuelan commentators who see the coup as a ‘counter revolution in the revolution’ – akin to Napoleon’s old dictatorship after the French revolution.

The attempt at a coup had created a huge blow back - a real revolution. The US elite’s meddling as in Iran had helped create the last thing it wanted – a real popular political and democratic revolution. An equivalent comes from Russian history: Kornilov’s military coup attempt in August 1917 had radicalised the St Petersburg workers into an October 1917 (30). The US State Department then had the brazen gall to lecture Chavez on the virtues of democracy.

ELECTORAL CONFIRMATION OF BIG OIL'S DEFEAT: 2002-2006

This still left the main economic power base for Chavez to face. When the PDV response came it was very messy but far too late to change the political dynamics. In October 2002 there was yet another 'strike' at PDV. The PDV 'strike' was in effect a management lock out. The top management came out, as did most of the white collar staff. The ordinary workers could not get in even if they wished to. Garages ran out of petrol or had queues that stretched for miles, factories shut for lack of fuel, there were food and water shortages and electricity black outs. Oil output fell briefly to 150,000 bpd and oil export ships could not get out as the exit was blocked. The banks shut for 2 working days. Chavez brought in retired workers to up production, recruited computer hackers to hack back at sabotaged computer command systems, troops bordered the offending ship and took a bottling plant in Valencia to ensure some supplies of water.

Slowly the small businesses and restaurants opened. Symbolically as the small business class began to give in on Jan 27 2003 the Caracas Stock Exchange opened for the first time in 9 weeks. The new military command had stood by Chavez. Having won his victory in April Chavez was less conciliatory than any time since 1998. Some of PDV's management re-instated earlier now went - 18,000 top PDV workers were sacked out of the 40,000 employed (31). The increasingly defeated opposition then pursued what had been allowed under the new 2000 Constitution: a recall Referendum for the President. The recall was increasingly financed with US money. (The US had also de-certified Venezuela in 2003 for refusing to join its Plan Colombia and war on drugs). The opposition to Chavez mobilised enough of the required 20 percent of the electorate to sign up for the Recall election, which was therefore held in 2004. In the meantime, Chavez had pursued more aggressive social policies. With the Iraq war in the background, oil revenues doubled in 2002-4. The social missions began in late 2003 with a focus on healthcare, education, food and water. 14,000 Cuban doctors were brought in initially in exchange for cheap oil. When the election was held nearly 14 million voted; there were queues miles long and seven hour waits. The corporate networks trumpeted Chavez' likely defeat to the end.

For the third time in three years the old elite was defeated. For the fourth time in eight years it suffered a major electoral defeat. Chavez took 59 percent of the vote and 5.6 million voted for him. The triumph was consolidated in the 2006 Presidential Election. Chavez took 63 percent of the vote, despite the media, US and continued middle class mobilisation. Both Iran (in 2005) and Venezuela had voted in radicals – a response of resistance from within the oil Empire to George II's oil imperialism. Unlike Russia after 1917, the Venezuela revolution had been able to cement itself with more major electoral victories – driven by a huge poor vote for Chavez – in 2004 and 2006. A third win would also count if the new 2009 victory for re-electing a sitting President is included. For all the talk in the US of dictatorship, none here had ever complained over Mrs Thatcher or Blair with no limits on their elective dictatorships. Brown has been able to rule without any personal endorsement from the electorate. More importantly, as Wilpert emphasises in 2006 Chavez total vote had gone up even more to 7.3 million – from a start of 3.7m in 1998. The poor who had so often abstained (as they do in the US and increasingly in the UK) had taken to Chavez as one of their own. The losing candidate graciously accepted there had been no fraud (32).

TWENTY FIRST CENTURY SOCIALISM?

As Wilpert puts it the dialectic of counter revolution had itself created the real Venezuelan political and democratic revolution. This dates then from 2002 – not 1998 – and not from 2005 either when Chavez announced the ‘motors’ of twenty first century socialism. Inside all the rhetoric, the economic and social side of the revolution has achieved much. The social programmes became the centre of the new administration after 2004 and even more so in 2007-9. Education now takes 20 percent of government spending. 1.5 million adults have become literate; 3 million more previously too poor have been enrolled. Hunger has been virtually eliminated with subsidised food markets supporting about 40 to 50 percent of the population. Clinics in the barrios now give free health care for at least 14 million people. 700,000 extra jobs had been created by 2006.

As Gott argues, this is not so much socialism as a more advanced form of social democracy – a new deal funded by oil – as yet seen anywhere in Latin America. Wilpert adds that the (still magical) State in Venezuela is, however, not controlled by capitalist interests as it was. The attempt in the missions and the newer community councils (of which there are now 20,000) has been an important effort to by-pass the bureaucratic organisations of the State, where power was in the hands of the elite. The attempt has been to create a parallel system that responds and give resources more directly to ordinary people. The loss of some Governorships in the regional elections of 2008 is a healthy sign of Venezuela democracy. The loss of Caracas and its province shows that some – and not just the middle classes - are wary of labelling all opposition as ‘counter revolutionary’. Whatever else he is, Chavez does not have complete power and is not a dictator.

The economic powerhouses of Venezuela in 2009 have not been fundamentally restructured. Although there has been self management in 70,000 new co-operatives, the oil industry is not self managed. The majors allowed into oil concessions in the Orinoco heavy oil belt have seen the State take majority shares in 2007 and although Exxon and Conoco have pulled out, Venezuela is by no means alone in having majority stakes in such projects. Wilpert major conclusion in 2007 on the ‘obstacles’ for Venezuela is of ‘rushed reforms’ in a continuing ‘top down’ tradition within Venezuelan government. Chavez may be trying to break the patronage system but has not. National policy has still all come by experts from above.

The Chavez coalition created ‘mass’ socialist party (PSUF) may have difficulty being anything more than a machine for elections and marches. Labelling those who do not join as traitors is not aiding the process. Candidates for elections were not chosen by a democratic process and when they were in August 2005 it led to fist fights. Other elements in civil society are still weak: after struggling for 30 years against the CTV, the new UNT Union confederation is still ‘factional’; only 13 percent of Venezuelan workers are in unions. Hoping to finally get 50 per cent of PDV surplus revenues, the community councils are still struggling to find their role where duplication of spending follows from the confusion of what amounts to dual power in theory. The CTV may be broken but there is still a labour aristocracy that does not include so many in the informal – sometimes violent gang – economy. If AD/COPEI patronage used to be essential to getting a job; now government employees are under explicit pressure to attend pro Chavez demonstrations (33).

FROM VENICE TO VENEZUELA

When Christopher Columbus named Venezuela it was because it reminded him of the coastline of Venice. The trading Empire that was Venice took 500 years to reach its height. Venice as an independent City State lasted for a thousand years. For Venezuela to rebuild a whole series of new South-South trading relationships against the predominant modes of imperial trade will also take a long time. Iran and Venezuela are developing oil refineries together in Venezuela, Indonesia and Syria. Venezuela has also been buying Argentine bonds to support the latter's economy, while exports from Brazil to Venezuela have increased by at least 60 per cent. Like the Venetian Marco Polo dealing with the Russian, Chinese and Iranian Empires also has its dangers. The attempt to create new trading relationships has been important and creative with Cuba, but the understandable anti US stance has meant a worrying close-ness to other repressive regimes (34).

Global companies have little at risk in Venezuela so the imperial economic strategy of any future US administration is unclear. It may be that the Obama regime will pay most regard to the cultural and political precedents that it may fear from a social democratic Venezuela as a 'new dawn' message to the rest of 'pink' Latin America. The overtures Obama is making to Cuba could be seen in this regard. As Venezuela becomes the Cuba of the twenty first century – with a much stronger oil base to sustain the economy - why not pull the Cubans 'onside' instead? Sensible US democrats have seen that the pariah status ridiculously given Cuba sustained its Leninist style State 'socialism'. Maybe this suited the USA for a long while. Petras argues that hidden in all the US corporate propaganda about Venezuela is a debate about whether to 'confront or conciliate'. The first experiment could be with Cuba; Venezuela's most important ally to date (35). Obama's regime may now encourage Cuba's incorporation rather more into the 'free market'. Opening up travel for Cubans to the USA will have its quid pro quos. The US attempt, given the on-going portrayal of Chavez as a military dictator, may be to continue the old imperial game by shifting the real pressure onto Venezuela when it can. The use of Colombia and its military hardware as the US model for what it wants out of an oil exporter in the Americas is a real worry for Venezuelans next door.

El Dorado was not as it turned out a place but a person; a sacred ceremony whereby one of the Caciques (Kings) of the Chibcha people in today's Colombia was covered in gold dust for his coronation. The problem and the potential for Venezuela today may rest too much in the crowning of one person – Hugo Chavez – as the living embodiment of twenty first century socialism. Chavez becomes too easily this century's answer to the Lenin/Fidel/Che trinity that ruled in Latin American socialism for the last. Winning the 2009 Constitutional vote may have established that Chavez can now be re-elected President as many times as he likes; giving himself until 2021 to get Venezuelan socialism on track. Building 'socialism' or alternatives to Capital certainly takes time; it also, as Chavez knows, takes the conscious participation of many ordinary Venezuelans. 'El Proceso' – the process of the revolution – as many Venezuelans know reaches back to more than the Venezuelan sacred trinity of Bolivar Rodriguez and Zamora.

THE REVOLUTIONARY PROCESS

The plot to assassinate President Morales of Bolivia is a reminder that any one person's life is fragile (36). A murdered Chavez could leave the Venezuelan socialist movement looking rather like the regime in Iran (without the Islam) – a constant struggle between moderates or radicals to define the next moves ahead.

The presence of the poor and the soldiers making the Venezuelan revolution to counter the elite coup of 2002, backed by the USA's own equivalent elite, confirms that Venezuela has experienced in this decade a real democratic political revolution. Real democracy will always be disliked by the Empire, its client elites and the corporate media. It is now 7 years since the Venezuelan revolution and a chance to take stock. Russia seven years on had experienced an imperial war, a civil war, a foreign intervention, a nationalist war (with Poland and others) a peasants war and a war against its own dissenters, plus a shot that in the end killed Lenin. Russia 7 years after 1917 had struggled through disaster after disaster to its open economy phase known as the New Economy Policy by 1924. The Venezuelan economy - in a more globally interlinked era than 1924 – is living through its own NEP. The new State companies – the airline, Telesur (the TV company) and in petrochemicals do not have a monopoly – nor should they – and will have to compete.

The real concrete achievements of the present new version of Latin American social democracy at work since 2002 should not be under estimated. The establishment of a real grass roots movement through the community councils will be an indispensable part of its future. Whether the glitter of these 'Soviets' in the eyes of their creator will really signify a new twenty first century socialism in Venezuela remains to be seen. How far Venezuela can be a new subversive influence for the resistance to Empire across Latin America also remains an unknown. It will vie with the power of Empire to win over its own client elites.

Nevertheless, the power and wealth generated by the Empire of oil gives it an opportunity to use its surplus rents on behalf of all of the Venezuelan people. The Biblical message against the historical Empires of its own times shows that using the Empire's own weapons against it is a brave but viable subversion. It is to these stories particularly of freedom fighters like Daniel (37) that we now turn.

END NOTES

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3. Bergquist, C. Labour in Latin America. Comparative Essays on Chile, Argentina, Venezuela and Colombia. Stanford University Press 1986 p196-205, 212.
4. Betancourt, R. Venezuela: The Politics of Oil. 1956. This ed Boston, Houghton Mifflin 1979 p 13-14. For Betancourt, in Venezuela oil 'smells' of gold (p 124).

Also see Elwell p 1-42. For the similar importance of coffee in El Salvador's see Wilde (2006) p 218-9.

5. Lieuwen, E. Petroleum in Venezuela. New York, Russell & Russell 1967 p 18-54.
6. Coronil, F. Magical State. Nature, Money and Modernity in Venezuela. University of Chicago Press 1997 p 2, 117.
7. Hein, W. Oil and the Venezuelan State. in Nore, P & Turner, T (ed) Oil and Class Struggle. London Zed Press p 231, Lieuwen p 46, Elwell p 54-8, 73. Yergin p 234-6.
8. Elwell p 69, The historian is Caballero, see Coronil p 72.
9. Quote is Betancourt p 32 see also p 35-8, Lieuwen p 50-9, Bergquist p 211-21.
10. Bergquist p 229-43, 251-67, Hein p 231 -4, Lieuwen p 118, Betancourt p 54-66, 241-5, Coronil p 126-30, Yergin p 434-5.
11. Coronil p 132-41, Elwell p 99.
12. Coronil p 144-85, Lieuwen p 100, Betancourt p 267-8
13. See for example Buxton, J & Phillips, N (ed). Case Studies in Latin American Political Economy. Manchester University Press 1999 especially p 162-4.
14. Coronil p 152 - 85, Elwell p 83, 106-7. Bergquist p 180-8.
15. Gott, R. Guerilla Movements in Latin America. London, Nelson & Son 1970. The quote is p 93 see also p 93-7.
16. Sustar, L. Where is Venezuela Going? Chavez and the Meaning of Twenty First Century Socialism. International Socialist Review, July August 2007 p 16.
17. Coronil p 201-19, Hein p 238-40, Elwell p 111, 124-32.
18. Gott (1970) p 102-62.
19. Karl, T.L. The Paradox of Plenty. Oil Booms and Petro States. University of California Press, 1997 p 104.
20. Karl p 165-80, Coronil p 378.
21. On Colombia and Gaitan's murder see Simons, G. Colombia London Saqi 2004
22. For the best description of the Caracazo see Jones, B. Hugo. The Hugo Chavez Story. From Mud Hut to the Perpetual Revolution. London, Bodley Head 2008 p 114-28 and quotes p 119. Coronil p 368-78.
23. Tariq Ali, Pirates of the Caribbean. Axis of Hope. London Verso 2006, This ed 2008 p 58.

24. Buxton, J. Economic Policy and the Rise of Hugo Chavez in Ellner, S. & Hellinger, D. Venezuelan Politics in the Chavez Era. 2003 (ref) p 135, Gott (2005) p 52-5. On Fiat in 1918-20 see Chapter 11.
25. Estes, R Ciudad. Guyana and the New Working Class of Venezuela. www.venezuelaanalysis.com 14 September 2005,
26. Jones p 56-70, 91-6, 182-8, 203, Gott (2005) p120, Karl p 183-4, Coronil p 380.
27. Jones p 184-8, Karl p 165, Ellner p 18. Buxton p 125.
28. Wilpert, G. Twenty First Century Socialism. Changing Venezuela by Taking Power. London, Verso 2007 p 22-3, Jones p 225-398, Tariq Ali (2008) p 83.
29. Gott p 223- 35 Tariq Ali (2008) p 72-4. On Zapatero and Aznar in Spain see Chapter 10; on Iran see Chapter 3.
30. Wilpert p 18 - 22. On the Napoleonic dictatorship see Chapter 9 p For the clearest example of a coup attempt radicalising another working class - in Russia in 1917 for a comparison see Mandel, D. The Petrograd Workers and the Soviet Seizure of Power. From the July Days 1917 to July 1918. London, MacMillan, 1984 p 244-48.
31. Jones p 372-86, Tariq Ali p 78.
32. Wilpert p 24-7, Jones p 388-418. On the political gap between the rulers and the ruled in Britain see Chapter 12.
33. Wilpert p 9, 185-216. Sustar p 14, Gott p 262. It could be argued that Venezuela from 1998 is akin to what Allende wanted to do in Chile; but that social democratic experiment was cut very short by US and local hostility.
34. Venezuela supplies Cuba with at least 90 tbd of subsidised oil. This enabled the minimum wage to be doubled and for pensions to be increased in Cuba. Petroleum Economist. , Sustar p 22-3
35. Petras, J & Veltmeyer, H. Social Movements and State Power: Argentina, Brazil, Bolivia, Ecuador. London, Pluto Press 2005. There is a preface on Venezuela p vi – viii.
36. See Jones on rumoured attempts to assassinate Chavez p 415-6. The best British coverage on the plots around ‘trashing’ Morales centred on the US right wing media see the Independent newspaper journalist www.johannhari.com
37. This chapter is also dedicated to another revolutionary Daniel – Daniel Sanchez who has looked after my son in the barrio of La Castrera in Valencia, Venezuela in 2009.

