

PACTS AND POLARIZATION IN VENEZUELA

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I. INTRODUCTION: POLARIZATION AND PACTS

Venezuela was the focus of intense media interest and diplomatic activity after a failed attempt by civilian and military opponents of President Hugo Chávez to remove him from office in April 2002. The picture presented and the framework assumed in international mediation efforts, was one of polarization between the government and the opposition.¹ This oversimplified the nature of the pro- and anti-Chávez forces. Within the ruling Polo Patriótico (PP) coalition that comprised Chávez's Movimiento Quinta República (MVR) and rump factions of the Patria Para Todos (PPT) and Movimiento a Socialismo (MAS) parties, there existed ideological and partisan tensions relating to the meaning of Chávez's 'Bolivarian Revolution' and the appropriate strategies for achieving it. This divide did not exist between the parties, but within the three separate organizations. There were further differences over the distribution of power and influence between the coalition members and a major additional schism within MVR existed between its military and civilian components. Fragmentation was more pronounced within the anti-government opposition. This comprised a diversity of ideological and organizational forms. It included the traditionally dominant parties, Acción Democrática (AD) and Christian democrat COPEI, new parties that emerged in the 1990s, including Proyecto Venezuela (PVZL) and Primero Justicia (PJ), and organizations established by former Chávez supporters such as Solidaridad and Union. 'Virtual' organizations on the Internet, like LideRed fell under the opposition umbrella, as did single issue lobby groups and those representing sectoral interests such as the Confederación de Trabajadores de Venezuela (CTV) and the main business associations, Fedecámaras and Consecomercio. Military opposition to Chávez gained organizational form through the Frente Institucional Militar and the Junta Patriótica Militar. A variety of non-governmental organizations including Queremos Elegir, Sumate and ProVenezuela formed part of the anti-

government movement, as did the private sector media, managers of the state oil company Petróleos de Venezuela (PDVSA) and individual, elite interests. Even the Roman Catholic Church counted among the ranks of the anti-Chavistas.

The opposition was replete with contradictory tendencies but can be broken down into two factions, moderates and radicals. Moderates cohered in the umbrella group Coordinadora Democrática and were constitutional in approach. They pushed for a referendum on the executive or the convening of fresh elections. Radicals, who acted within the CD and the smaller Bloque Democrático sought the immediate termination of the government through the resignation of the president or a military intervention against him. The nature of the post Chávez arrangements were weakly articulated by the opposition because the topic was divisive. Some elements wanted a return to the *status quo ante* of control by the traditionally dominant parties AD and COPEI, which was an anathema to others. The CTV and Fedecámaras sought the restoration of the corporatist and clientelist structures that had been institutionalized under AD and COPEI, while PJ, PVZL and PDVSA managers advocated a neo-liberal future.

These divisions rendered the opposition and the government weak and unstable. Exacerbating this, both groups were dominated by personalities. This was a sharp break with the history of institutionalized political organization in the country. However these organizational weaknesses were subsumed by the urgent need for unity on the 'basics'; either that the administration was legitimate and needed to be defended, or that it was illegitimate and had to be removed. As a result, no moderate centre ground emerged, radicals in both camps assumed leadership and group 'location' in the post 1998 electoral landscape was defined simply as support for or opposition to the government. This left a large political constituency in the country disaffected with the main vehicles of political representation and the political system itself. This sector constituted around 40% of the electorate and their alienation was manifest in a rejection of participation in elections and partisan associations. The predominant sentiment expressed here was overwhelmingly democratic, mixed with frustration with the failure of successive governments to address basic problems of unemployment and crime.² Moderates in pro- and anti-government camps, combined with this alienated sector, formed a majority in Venezuela society. The issue is why this did not gain organizational form and why it is unlikely to do so in the future?.

II. THE CHALLENGE OF DE-PACTING

Within political science, the study of Venezuela has been framed by the Pact of Punto Fijo. Signed in 1958, the pact allowed for a smooth transition to democracy. The apparent speed of democratic consolidation in the country led academics to propose pacts as a pre-requisite for a successful transition from authoritarian rule (Levine 1973). Pacts were credited with moderating radical political tendencies and guaranteeing partisan and sectoral interests within new democracies. This, in turn, created vested interests in the maintenance of democratic systems. Pact-making was recognized as being undemocratic as it proscribed policy initiatives in areas that affected the interests of the pacting groups. This meant that party leaders prioritized the interests of their opponents over their constituents. Pacting also gave the leadership of the pact groups an authoritative position within their own organizations and for this reason they were conceptualized as an ‘elite compromise’.

Parties to the Venezuelan pact were the leading political organizations, including AD and COPEI, influential business families, the Roman Catholic Church, the military and the labor force, represented by the CTV.³ Political and economic inducements built vested interests into the pact arrangements. The pact gave the political parties control over appointments within the state administration, including senior levels of the military, the judiciary, the bureaucracy and the electoral administration. The interests of business, labor and the church were in turn represented through the two parties, either through direct affiliation in the case of the CTV or through a network of elite and personal contacts, as in the case of the church and the business sector. Because of the pact, AD and COPEI converged on policy. Therefore, a change from an AD to a COPEI government implied in programmatic terms no change at all, and the interests of the original pacting groups continued to be represented. The dominance of AD and COPEI was ensured through electoral engineering. The electoral system adopted in 1958 was a closed, block, national, list system. This strengthened the party leadership as dissenting voices could be barred from the list while the distribution of seats in relation to national strength ensured that a vote for a new or minor party was a ‘wasted vote’ (Buxton 2001). Venezuela is one of the world’s largest oil producers and the revenue from petroleum exports was instrumental in holding the pact together. They financed a positive sum game in which the material interests of all classes and interests were met through state and party patronage. The ‘petroleum financed reconciliation’ cemented the dominance of AD, COPEI and the CTV as it was through these organizations that the petrodollars were distributed (Hellinger 2003; Karl 1987:63-94). The

system was clientelist and corporatist and because everybody benefited, the pacted state had enormous popular support.

As the literature on pacts flourished in the 1980s, Venezuela was exhibiting the negative side effects of pact making. Chronic economic mismanagement and dependence on fluctuating petroleum revenues constrained patronage capacities and consequently the material inducements for pact acceptance. As the cake shrank, the interests of the wealthiest strata were preserved by reducing clientelist dispersion to those at the bottom of the class system. At the same time, Venezuelan democracy was recognized as having become 'frozen' as AD and COPEI had blocked the emergence of new political options. Rising electoral abstention and partisan dealignment underscored mounting popular alienation from the pact state (Buxton 2001). This hinted at a major omission in the debate surrounding pacts – how a country that had already democratized through a pact could subsequently evolve from a pacted state. This was a particularly important question given the recognized tendency for pacts to exclude certain political forces and protect the interests of the original pact framers, within the context of a political system of acknowledged democratic limitations.

III. TRANSITION OR RUPTURA?

In the 1990s, Venezuela appeared to have solved the conundrum. The country was incrementally evolving away from the pact arrangements with the transition process initiated from within the dominant parties. In 1989, the AD president Carlos Andrés Pérez (1988-92) introduced administrative and political decentralization followed by a reform of the electoral system in 1992. This provided new electoral opportunities for political alternatives to the dominant parties. The Andrés Pérez administration also sought to reverse the statist, heterodox orientation of the *puntofijista* economy through the introduction of a package of neoliberal policies. The process of unraveling the pacted state was terminated in 1992, when Andrés Pérez was found guilty of corruption and impeached. His removal was a temporary success for the pacting interests. The political and economic changes introduced had unleashed two countervailing forces that continued to threaten the *puntofijo* groups. In 1992, Movimiento Bolivariano Revolucionario 200 emerged onto the political scene in an attempt to provoke a *ruptura* or complete break with the pacted state through a military coup. The military organization had been in existence since 1982 but it chose to act specifically during the Andrés Pérez period because of the impact of his policies on the socially marginalized. For the MBR 200, reform of *puntofijismo* was not possible as the model was corrupt and

exhausted. They sought to establish a new social, economic and political order inspired by the ideas of the country's liberator Simón Bolívar (Blanco Munoz 1998). The *ruptura* attempts made Venezuelan people aware that a radical alternative to the *status quo* did exist; however, the proposition lost ground after the imprisonment of the coup plotters and the momentum for change passed to a different group.

A new generation of politicians and social leaders emerged as a result of Andrés Pérez's policies. This group of actors steered politics and policy away from the historically dominant party elite. For analytical clarity, they are identified as 'transitionists.' They were looking to reform the pacted state 'from within' its institutional framework. A majority of the parties identified here were created by individuals defecting from (or initially identified with) the traditional parties, as was the case with Convergencia, Proyecto Venezuela and Primero Justicia. Some of those in favor of reform opted to remain within AD and COPEI. These 'intra-party transitionists' pressed for policy modernization and democratization of the hierarchical internal structures of AD and COPEI. Decentralization was a catalyst for the emergence of 'transitionism.' It enabled reformist politicians to build regional support outside of the control of the dominant parties and party leadership. In combination with the 1992 electoral reforms, decentralization also facilitated a 'breakthrough' into national politics by minor parties such as the 'leftist' MAS and La Causa Radical (LCR). In the 1993 elections, LCR's presidential candidate, Andrés Velásquez, ran on a platform promising honest and transparent government, social justice and meaningful democracy. He came within two percent of the AD and COPEI candidates.⁴ Another 'transitionist' form that emerged was the 'charismatic' independent politician, epitomized by Irene Sáez and Henrique Salas Römer. Their competent management of decentralized authorities brought them to national prominence and they expanded their organizations and political appeal as a result. Both were pro-market in orientation and critical of the traditional parties.

Another 'transition' element working to reform the pacted state was a plethora of civil society groups that flourished in the 1990s. These included Escuela de Vecinos and Queremos Elegir who lobbied for democratic reforms. They represented the tentative development of a civil society in Venezuela, where independent social organization had been weak on account of the monopolistic position of AD and COPEI. In the late 1980s, however, new spaces opened up as economic crisis reduced the fiscal capacity for absorption of new groups, while growing alienation from the 'frozen' democracy and its dominant parties encouraged new organizational forms (Guadilla & Pilar 2003). 'Technocratic transitionists' who advocated

neoliberal policies also emerged. One group cohered around Andrés Pérez and assumed key positions in his cabinet. Senior managers within the state oil company, Petroléos de Venezuela (PDVSA) formed a second group. They supported opening up of the oil industry to foreign participation building towards the privatization of PDVSA and the withdrawal of Venezuela from the Organization of Petroleum Exporting Countries (OPEC). Working class organizations also capitalized on the new organizational opportunities. The most significant was *Nuevo Sindicalismo* or new unionism developed by La Causa Radical. This challenged the dominance of the Confederación de Trabajadores de Venezuela, which, by the 1980s, was widely seen as corrupt and unrepresentative.

By the late 1990s, a range of alternatives to AD and COPEI had emerged and the original pacting parties had been weakened. Venezuela was moving away from the securities of the Punto Fijo state, but in an incremental manner. This gradualism meant that the sectoral and individual interests protected by the original pacting arrangements were not directly threatened. When they were threatened, for example by the proposals put forward by LCR, the challengers sought to reform institutional and organizational structures from 'within' the pacted state, rather than demolishing the system in its entirety as advocated by *rupturistas*. Transitionism was immediately anti-party. It threatened AD and COPEI rather than the interests of all the original pacting groups.

IV. THE LIMITS OF TRANSITIONISM

The strategy of gradually depacting proved vulnerable to a backlash by the original pacting interests. This was revealed during the presidency of Rafael Caldera (1993-98) who won the presidency with the support of his party Convergencia and a sixteen party coalition that included the MAS. The MAS was given seats in the new cabinet, a development that implied that control of the pacted state could be pluralized. Caldera's victory was also significant as it marked the first time since 1958 that neither AD nor COPEI controlled the executive; however, as a founder of COPEI and the party's president in 1968, Caldera had roots in the pacted schema.

The Caldera government failed to understand its historic responsibilities. Economic policy was incompetent and hopes of economic justice raised in the election campaign were frustrated. Poverty levels escalated during this period, increasing the pool of people excluded from *puntofijismo*. By 1998, half of the workforce was employed in the informal sector. Caldera also reversed initiatives intended to liberalize the pacted democracy. This revealed him as a *puntofijista* and sections of the MAS and Convergencia departed from the government. This led Caldera to rely

on AD and COPEI for legislative support, thereby enabling the dominant parties to reassert their influence over government. Plans to reform the 1961 constitution – a hugely popular initiative – were shelved, and the consolidation of the decentralization experiment was impeded as insufficient revenues were provided for regional authorities. In 1997, the administration revised the 1992 electoral reform that had allowed for open, named voting. This closing down of the political space was also evident in regional politics as AD and COPEI forged strategic alliances in constituencies where they faced significant challenges. This not only squeezed out third parties, it crushed incipient regional organizations and the leverage of intra-party transitionists. In oil policy, however, Caldera had transitionist tendencies and this promoted the interests of technocratic elements within PDVSA. Despite strong resistance from the political parties, legislation was pushed through congress in 1997 that allowed foreign participation in joint ventures with PDVSA. This was a strategic advance for the PDVSA technocrats and they sought to extend the organizational and financial autonomy the opening afforded them. Overall, the transition process suffered from reversal rather than progress. LCR failed to fulfill its role as a significant transition actor. Once part of the discredited political system, LCR was damaged by its association (Buxton 2001; Hellinger 2000). Intra-party transitionists also saw avenues of reform blocked. The COPEI and AD party leadership displaced reformist tendencies and the CTV resisted implementation of the Law of Trade Union Democracy, which would have democratized worker representation (Ellner 2002).

As the elections of 1998 approached, reform was in retreat but two significant transition forces remained. These were Salas Römer and Irene Sáez. The biggest threat to the gradualist approach, however, proved not to be conservative elements of the Punto Fijo state but Hugo Chávez, formerly of MBR 200. Chávez was a leading figure in the February 1992 coup attempt. He re-proposed a *ruptura* in 1998, but now sought to secure it through constitutional means. In 1997, he created a new vehicle for his presidential aspirations, the civil-military alliance MVR. This programmatic repositioning was timely. Now a participant in formal politics, Chávez was able to capitalize on the economic downturn resulting from a fall in oil prices in 1998 and popular frustration with the limits of transitionism. The emergence of an ‘anti-system’ candidate forced a repositioning of Sáez and Salas, and both accepted the support of the traditional parties. AD was initially overt in its rejection of transitionism and selected the party’s most recognized ‘dinosaur’ Luis Alfaro Ucero, as its presidential candidate. Had the Alfaro candidacy run its course, AD may

have slipped into electoral obscurity. In the event, a revolt by transitionist elements, the AD state governors, forced the party to support Salas. As the contest became a two horse race, Sáez was dropped by COPEI, again under pressure from state governors, and COPEI joined AD in the pro-Salas alliance. Sáez and Salas compromised themselves and the prospects for a smooth transition. In linking with AD and COPEI, it was clear to voters that reform would be contained. Had the state governors broken decisively with AD and COPEI and followed an independent Salas campaign, a centre ground could have been preserved. In the event, Salas was identified with the *status quo* and in accepting the backing of the traditional parties he perpetuated their influence. For a disaffected electorate frustrated by the lack of reform, *ruptura* became the only viable electoral choice and Chávez won the election with 56.2%.

V. THE CHÁVEZ RUPTURA

The vote for Chávez was a vote for a *ruptura*. His program of government proposed a structural revolution that would create the 'Bolivarian' state, which would be efficacious, just and radically democratic and would step in to compensate areas failed by the operations of the market. He proposed to overhaul Venezuela's institutional structures, which were perceived as politicized, corrupt and inefficient, with a new constitution forming the foundations of the promised new social, economic and political order (Blanco Munoz 2000). Beyond his policy platform, there were other facets of Chávez which inclined voters to the *ruptura*. Mixed race and from a lower middle class background, Chávez was an intruder in a political landscape dominated by the white upper classes. He also had a reputation for firm and decisive leadership that stemmed from his role in the 1992 coup attempt. This tapped into a cultural tradition of *caudillismo*, or rule by strongmen. There was great expectation that such virtues and conviction would lead to progress in tackling chronic economic and social problems. Chávez not only promised radical change, he personified it. He had tremendous appeal among those who had fallen out of the pacted network, particularly the socio-economically marginalized. Liberal currents in the middle and upper classes were drawn to the 'radical democracy' element of the project and Chávez even received funding for his campaign from the wealthiest business families in the country, including the Cisneros organization, and favorable coverage in the private media that they owned.

During the first months of the new administration, there were evident grounds for convergence with transitionist elements. Two of COPEI's intra-party transitionists were appointed by Chávez to the Presidential

Constitutional Commission, which examined the proposal for a new constitution. Maritza Izaguirre, Caldera's finance minister was initially retained by the government, which followed a prudent line in economic policy. Within months however, the *ruptura*-transitionist coalition collapsed and transitionists emerged as the leading critics of Chávez. Within two years, all transitionist elements had allied with the pacting groups that had blocked their reform projects in the 1990s. Moreover, the pacting groups assumed a high level of influence within the anti-government opposition. There are three factors that account for this: the real nature of the Chávez *ruptura*; strategic flaws committed by the government and changes in the international environment.

VI. THE RUPTURA

A *ruptura* is a complete break with an existing system. This was achieved by the Chávez government. The privileges and interests of all the original pacting interests; the parties, the military, labor, business and the church were reversed. In December 1999, a new constitution written by an elected constituent assembly was approved by a majority in a popular referendum. This abolished the existing institutions and created new judicial, electoral and legislative authorities. A series of new economic rights guaranteed by the state were established and mechanisms to advance 'participatory' democracy were introduced, including recall referenda for all elected officials and the right to participate in the appointment of state officials by civil society groups. There was also a *ruptura* in state personnel. Senior officials appointed by AD and COPEI in the judiciary, electoral administration, the military and PDVSA were replaced. In December 2000, a popular referendum was decreed by the government in which a majority endorsed plans for an overhaul of the trade union movement. The tradition of military non-involvement in civilian affairs was ended and under the three-stage program Plan Bolívar, 70,000 armed forces personnel were deployed on projects of infrastructure building and repair. Serving and retired military officials were appointed to senior state positions and the armed forces were given the right to vote.

The oligopolistic business families saw their protectionist privileges challenged as the government intervened to build a small and medium business sector through the extension of credit facilities and marketing opportunities. Reform of Venezuela's profoundly inequitable distribution of land was addressed through the Agricultural Development and Land Law, and credits and protectionist measures were introduced to encourage growth of small farmers and new agricultural areas. Once Chávez had assumed the presidency, there was no *quid pro quo* with the business

families that had contributed to his campaign and he rejected their proposals for the government's economic team.⁵ This signaled the termination of business influence over government and the closing of traditional patronage networks. The private sector was also negatively affected by the introduction of new taxation legislation, which meant that for the first time, business was compelled to contribute to non-oil ordinary revenues. This was a devastating prospect for the private sector media, which also saw non-regulation revised by the Law of Social Responsibility in Radio and Television. The Roman Catholic Church had its privileges reined back as legislation decreed by the end of 2000 ended state funding of religious education and the church's monopoly of faith was indirectly attacked by Chávez's enthusiasm for syncretistic values.

The *ruptura* was pronounced in foreign and oil policy. A traditional pro-American stance was revised and Venezuela assumed a critical position toward US foreign policy, particularly in relation to the 'wars' on drugs and terrorism. The Chávez government pursued political and economic integration in the Americas to counter the dominance of the US and there was a strong emphasis on promoting social justice in the region. A deepening of ties with other oil producing states such as Iraq, Iran and Libya was pursued as part of the strategy of enhancing the control exercised by oil producing countries over the commodity price. Strong relations with OPEC were prioritized and the administration successfully argued for the introduction of a price band mechanism within the cartel, which had the effect of lifting the international oil price. Cuba benefited from a new oil supply accord and the new constitution enshrined state ownership of PDVSA, although it did not prohibit the privatization of PDVSA subsidiaries. Economic policy was informed by the view that dependence on oil exports should be reduced through diversification into other activities, funded by reductions in PDVSA's operating budget. The operating autonomy of the company was reduced and policy and planning was brought under the control of the energy ministry. In sum, a break with past practices, policies and traditions was effected. As a final indication of this, the government directly addressed the needs of the socio-economically marginalized. House building, community credit schemes, price controls, education reform and subsidies were informed by the needs of the poorest sectors.

VII. RUPTURA, REVOLUTION OR CONTINUITY?

While it is evident that *Chavismo* represented a *ruptura* with the pacted state, there were elements of continuity with the *puntofijista* model. The Bolivarian state was highly exclusionary. Despite an initially pluralist

approach, the government's project was revealed as hegemonic in intention. The congress that was democratically elected in 1998 was closed down less than a year into its term as the constituent assembly assumed sovereign powers. The constituent assembly itself was dominated by the PP, which secured 125 of the 131 assembly seats. No quota was set for the representation of alternative interests, popular or political; and so the design of the country's institutional and constitutional architecture was monopolized by a single partisan interest. No attempt was made to engage the broader population in the constitutional deliberations, despite Chávez's emphasis on 'protagonistic' democracy. When the work of the assembly was finished, the body was dissolved and legislative authority was assumed by an unelected 21 person *congresillo* controlled by *chavistas*, pending fresh national elections. The *congresillo* proceeded to appoint officials to the new institutions created by the constitution without the participation of civil society groups. All those promoted in this period were Chávez supporters, from the senior military to the executive of PDVSA. A parallel pattern of exclusion was evident in policy making as Chávez utilized enabling powers to decree crucial legislative changes. This blocked participation by affected sectors. It was also evident that the government's plan for a reform of the trade union movement was a project to supplant the CTV with a pro-government confederation, the Bolivarian Workers Front.

There are two views on the approach adopted. The administration recognized that AD and COPEI's institutionalized control impeded the possibility of a *ruptura*. The appointment of loyalists was therefore intended to ensure that the Bolivarian project could ultimately be realized. An alternative view is that the government's actions were entirely legitimate. All initiatives were approved by Venezuelan citizens through various electoral exercises and the government obtained a majority in every popular vote that was held. For this reason, Chávez regularly invoked the 'will of the people' to counter reservations toward his policies as expressed by the judiciary, opposition politicians and media. The extent to which the electoral results were a mandate for the measures introduced and the approach taken by the government is however questionable. The abstention rate in all of the electoral processes held was high as indicated below.

Table 1 – Election Abstention Rate (percentage)

Election Process	Date	Abstention Rate (%)
Presidential Elections	December 1998	36.6
Constituent Assembly Referendum	April 1999	62.4
Constituent Assembly elections	July 1999	53.7
Referendum on Bolivarian Constitution	December 1999	55.6
Presidential Elections	July 2000	43.7

Source: Consejo Nacional Electoral

Among those who did participate, *Chavismo* was not the single preference. In the 1998 elections, Salas was supported by 40% of the electorate, while AD increased its share of congressional seats and won half of the twenty-three regional governments. For ideological or pragmatic reasons, the government introduced and legitimized its ‘revolution’ through democratic procedures. The subsequent pursuit of an anti-pluralist approach in the context of high abstention and support for other electoral options was easily construed as authoritarianism. It was not that popular support for a *ruptura* was absent; on the contrary, poll surveys show persistent support for major political change. For many, Chávez did not introduce the changes that were hoped for.

VIII. STRATEGIC FLAWS

The Chávez administration committed a number of strategic errors. The first was to be anti-plural when the government had less than majority support and was pursuing a project that was always vulnerable to backlash from the conservative pacting groups. Anti-pluralism not only alienated transitionists but also elements within the ruling alliance. Sections of the MAS and PPT, former colleagues of Chávez in MBR 200 and Luis Miquilena, the leader of MVR all split from the government in protest at the lack of engagement with critics. This limited the pool of personnel which the administration could draw upon and had profoundly negative implications for policy making capacity within an administration that had no previous experience of government. There was a frequent turnover of ministers – forty in three years, as individuals were dismissed for disloyalty or the failure to meet government targets.

Chávez’s populist mobilization strategy was also instrumental in welding diverse opposition interests together. MVR was a weak organization and incapable of effecting the tasks of a functioning political party. Political communication and consciousness building instead came from the top down and was mobilized through populism or for one critic

‘messianism’ (Martín 2002) The president used inflammatory speeches to cement support for his program and these relied on arousing hostility to former pact beneficiaries. Catholic priests who objected to the termination of state funding of religious education had ‘devils in their cassocks’ those hostile to land reform were ‘oligarchs’ and the heads of AD and COPEI leaders were to be ‘boiled.’ It was a primitive strategy for a socially progressive project. It alienated conservatives because they were the focus of the verbal assaults, and transitionists as it impeded the possibility of dialogue. The limitations of MVR were obvious and in 2001 a new organizational initiative was introduced. These were the Bolivarian Circles, groups of activists that would build support for Chávez at the grassroots level. The launching of this tardy innovation, which incorporated an estimated 500,000 people by a government recognized as anti-pluralist caused grave concern among critics and exacerbated fears of violence already aroused by the ‘militarization’ of government. Moreover, the administration found it difficult to control the growth and direction of the Circles. For the investment community, populism created uncertainty while the absence of policy capacity, particularly in relation to the economy, heightened perceptions of risk. Foreign direct investment declined and capital flight accelerated, with an estimated USD 30 billion leaving the country during the period 1998-2002. This deprived the administration of the fiscal resources for planned infrastructure regeneration projects and economic diversification, while risk perceptions made it difficult to raise these revenues externally. The lack of resources also meant that the administration could not effectively deal with existing problems of crime, unemployment and declining standards of living, which worsened. Opinion poll surveys show mounting popular frustration with the government’s failure to deliver on these basic concerns, particularly after the July 2000 elections. This reinforces the view that *Chavismo* was not perceived as a meaningful *ruptura* by traditionally alienated sectors.

A major strategic error committed by the government relates to the manner in which it chose to deliver its legislative initiatives. Between 1999 and 2001, policy changes were introduced that impacted on the separate interests of distinct groups, as for example with the trade union ‘reform’, the revision of the role of the armed forces and the education decree. As a result, opposition to the government from the disparate and unconnected interests affected was fragmented and containable. This was particularly the case as the main opposition parties were disoriented and paralyzed. Having failed to embrace internal or policy reforms, they were not a natural home for affected groups and did not act as an effective, institutionalized opposition. At the end of 2001, however, the government stepped up the

application of its program of change. Chávez introduced a package of 49 laws that covered a range of areas and by definition, affected a raft of interests. Future projects, such as regulation of the private sector were also revealed as the government began shaping the legislative basis of the new constitution. This acceleration catalyzed a sequence of events that was determined by the nature of *Chavismo* and which culminated in polarization.

IX. THE NATURE OF THE OPPOSITION

The single common factor linking the interests affected by the November legislation was opposition to the government and because such a wide range of interests had been affected, the conclusion drawn was that the government had to be removed. As the administration had relied so heavily on a populist mobilization strategy, the focus of opposition became Chávez himself. Once unified in principle, the affected interests needed an organizational vehicle. Transitionist actors, such as Salas Römer or the minor parties had not evolved coherent organizational forms as a result of the conservative backlash in the 1990s and Chávez's anti-pluralism thereafter. The only nationally structured organizations that could step into the vacuum were those that had prevailed for the previous forty years. AD and COPEI were incapable of doing this. As a consequence it was the four other parties to the 1958 pact; business, labor, the church and the military that assumed the mantle of opposition and they worked effectively together to reverse the *ruptura*.

From the end of 2001, conservative elements in the church and the military regularly voiced their opposition to the government and their views were given wide coverage in the private sector media. This created the impression that key institutions of Venezuelan society were opposed to the government. In reality, these were individual views and they did not represent majority sentiment within their respective institutions. They were, however, functional interventions as they exacerbated uncertainty and risk perceptions while mobilizing support for the anti-government movement. It was business and the labor sector that provided the organizational base and it was around the CTV and Fedecámaras that protests subsequently cohered. Populism and anti-pluralism had undermined institutions such as the National Assembly. As a consequence of this and the fact that the CTV and Fedecámaras were not party political organizations, opposition was articulated outside of formal institutions through mass demonstrations. This was an unprecedented development and in taking to the streets, the opposition created the image of a 'war' against the government. The private sector media played a crucial supporting role that substituted for the

organizational weakness of the CTV and Fedecámaras. Advertisements for the protests were carried free by the private channels thereby reducing the necessity of grassroots mobilization and information distribution. These broadcasts, like the rallies themselves, were pitched towards nationalist and patriotic sentiment. Not to attend was anti-national. Force of numbers at the protests boosted the confidence of the opposition, which argued that it not Chávez represented the real 'will of the people.' While individual, fragmented interests had lobbied for a consultation process, the unified opposition led by the pacting groups, escalated their demands from a referendum on the executive to the resignation of the president. This, in turn, provoked a defensive reaction from the government, which quickly gained the support of previously disinterested international left-wing organizations. Precisely because opposition had assumed a conservative organizational form, politics became a war of attrition. The choice presented organizationally was *Chavismo* or *Puntofijismo* and a middle ground was lost.

There were two final strategic mistakes by the government. Throughout this period there was no attempt to rein in the private sector media, despite its failure to transmit truthful information or provide a balanced and informative analysis of developments. Moreover, the opposition itself was able to engage freely in actions intended to displace the government. While anti-plural in some respects, the administration was too liberal in others. It was heavily constrained by allegations that it was violating freedom of press and human rights, or at least was seeking to. The government also underestimated the strength of the original pacting groups. Even though Chávez had won a majority in democratic elections and conducted a sweeping process of institutional and constitutional change, this did not sever the authority and influence of the original pacting groups. Their financial and mobilization capacity was retained as was their control of the domestic media. They also had networks of influence and support in the United States because of the history of close commercial, diplomatic and cultural ties between the two countries. This reinforced their dominance within the anti-government movement and the leverage of the movement itself.

X. THE IMPORTANCE OF THE US

Developments in US politics were keenly exploited by the opposition, which sought to internationalize its anti-government campaign. The change from a Democratic to a Republican administration in 2000 favored the original pacting groups particularly as President George W. Bush's Latin American policy team had previously served under President

Ronald Regan in the 1980s. They had strong connections to the old regime in Venezuela and were renowned 'Cold War Warriors'. In order to engage this group politically, the anti-government opposition mobilized myths to draw the US into Venezuela's domestic situation and by default the defense of their threatened privileges. The most potent myth was that Chávez was seeking to 'Cubanize' or communize Venezuela, while Chávez's expressed concerns over the impact of the US sponsored anti-narcotics program Plan Colombia on Venezuela's eastern neighbor, was 'evidence' that Chávez supported the left-wing Colombian guerrilla group, the FARC. There was no empirical basis for the allegations, but the 'fears' attracted the sympathy and concern of the Republican right, which received figures from the anti-government opposition in 2001 and 2002. The electoral success of other centre-left leaders in Brazil and Ecuador served only to fan concerns of a leftist resurgence in the US backyard. The communism myth also facilitated alliance building between the anti-government opposition and the anti-Castro Cuban community in Miami. The latter acted as a network of support for the anti-government groups and provided Venezuelan residents in the US with lobby, media and political contacts. Paralleling the operations of the Miami groups, the Venezuelan 'exiles' pressured foreign companies with interests in Venezuela to recognize general strike action launched by the opposition and even remotely positive coverage of Chávez in the international media was countered by letter writing campaigns. The Internet became a crucial mechanism for spreading the anti-Chávez propaganda and it facilitated communication and coordination between groups in Venezuela and overseas.

The US foreign policy approach after the terrorist attacks of September 11th 2001 was used by the anti-government opposition to their advantage. In the subsequent 'black and white', 'for us or against us' American led war on terrorism, Chávez occupied a grey area which the opposition inferred as pro-terrorist. Chávez's alleged sympathy for the FARC was now construed as support for terrorist organizations, while his alleged plans to reduce petroleum exports to the US, reinforced by his visit to Iraq in 2000, mobilized American concerns that they would not be able to resource a campaign to eliminate the 'terrorist' threat of Iraq. The chair of the House of the International Relations Committee, Henry Hyde, went so far as to denounce Venezuela as part of a new axis of evil with Cuba and Brazil and the Whitehouse spokesmen repeatedly criticized the antidemocratic nature of the Chávez government. The Venezuelan business elite, particularly the Cisneros group, utilized their close financial and personal ties with contacts in the US media and exploited the deterioration of quality journalism. Unproven and inflammatory anti-Chávez articles

were penned by journalists who had not verified their stories, but the coverage was effective in raising domestic concerns about Chávez while increasing pressure on the US administration to act against his government. The impression generated by these opposition activities was that Venezuela had been a thriving, pluralist democracy before the emergence of Chávez. This was patently untrue but never fully explored.

If it could be claimed that Venezuelan democracy had been damaged by Chávez, then for the National Endowment for Democracy, it was legitimate to fund the anti-government movement. This American ‘non-governmental’ organization provided a stream of revenue for the opposition, which in 2001 totaled USD 19 million. The pattern of disbursement benefited the original pacting groups. The CTV was the largest individual recipient and was awarded USD 154,377. Funding intended for ‘democracy promotion’ paid for trips to the US by opposition leaders for Whitehouse meetings and in unguarded moments it was admitted that these had helped to consolidate plans for the overthrow of Chávez (Bartley & O Briain 2002). While in law, the operations of the NED are required to be distinct from the foreign policy of the US government, the overlap in this instance raises major concerns. In the context of this article, the distribution of revenue substituted for donations by ordinary supporters and combined with the coverage of events in the Venezuelan private sector media, helped to create the impression that the anti-government opposition was more popular and sizeable than in reality it was. NED money increased the leverage and capabilities of the CTV, while transitionist groups pressing for a constitutional resolution to the crisis were sidelined by a lack of funding, media coverage and diplomatic contacts.⁶

XI. A DEMOCRATIC OPPOSITION?

A matter of months following the introduction of the 49 laws and just ahead of the planned introduction of the controversial legislation regulating media output, a powerful anti-government opposition had developed. It was however undemocratic, unrepresentative, weak and irresponsible. As it became clear that the opposition could mobilize large numbers of protestors, it's leadership became impatient and rushed for power. Dialogue with the government ceased to be part of the agenda and the opposition maintained that Chávez had to stand down. This position suggested that the opinions of Chávez voters and supporters, who were acknowledged to be socio-economically marginalized, could simply be disqualified. The counter argument of the opposition was that this was precisely what had happened to them, but this was a simplistic justification for the stance

adopted. Future elections offered the possibility of administrative change as did the constitutional right to a recall referendum on the executive in 2003. It would have been impossible for Chávez to block these democratic procedures given the constitutionalist predisposition of the country's armed forces and the international sanctions that such a move would have brought. It was not even evident that a majority of Venezuelans wanted the president to be removed and even if they had, this would have set a dangerous precedent. There was evidence of mounting disaffection with the government as its second term began, but the methodology and reliability of the opinion poll surveys that tracked evolving attitudes during this period were called into question. Surveys reporting that a majority of respondents wanted Chávez to stand down gained extensive coverage in the private sector media and helped to create a matrix of opinion that was favorable to the opposition. However, many of the surveys relied on a small pool of respondents in Caracas, with interviews based on telephone surveys that excluded poor residents.

Supporters of the government and the opposition had distinct socio-economic profiles. This served to accelerate polarization. It appeared that the opposition wanted to disenfranchise the poor, particularly as they failed to reach out to the socio-economically marginalized groups. No attempt was made to build support for the opposition at the grassroots level in poor communities, largely because this would have required an incremental approach which the opposition shunned. This failure was all the more palpable given the historical disconnection between the original pacting groups and the poor, which had led to Chávez's original electoral victory. Moreover, while demanding that Chávez be removed, the opposition presented no alternative program of government and no indication of what the post-Chávez future would look like. No meaningful attempt was made by transitionists and the original pacting groups to elucidate a policy platform and there was no appetite for complex deliberations. Discussion was purposefully avoided as no consensus existed. Having failed to embrace meaningful internal reform or democratization, the original pacting organizations; AD, COPEI, the CTV and business continued to represent traditional interests and maintained a *puntofijista* orientation. The transitionist groups, such as Primero Justicia and Proyecto Venezuela proposed reform of *puntofijismo* but deferred to the strategy of the pacting groups as they relied on them for anti-government mobilization.

Divisions within the opposition and its anti-democratic orientation were cogently revealed in April 2002. During a series of events that remain contested, a civil-military alliance succeeded in displacing Chávez and installed an interim junta headed by the president of Fedecámaras, Pedro

Carmona Estanga. This ruptured an earlier accord with former government supporters and transitionist groups to unify in the legislature and press for the impeachment of Chávez. The power seizure was condemned by the Organization of American States as a rupture of the constitutional order in line with the body's Democratic Charter of September 2001. It was not however condemned by the US government and the removal of Chávez was favorably received by the British and Spanish governments, America's allies in the war with Iraq. The Carmona regime was rapidly revealed as an authoritarian conservative project financed by the business elite and supported by conservative elements in the Roman Catholic hierarchy and military. The Carmona administration ordered the dissolution of all elected bodies and the planned cabinet drew on a narrow group of elites. There was no attempt to rein in retribution or violence against Chávez's ministers and supporters. The junta quickly unraveled as its lack of support and authoritarian intentions were revealed and Chávez was restored to power forty eight hours after being removed. Protests by Chávez supporters were instrumental in securing his release, revealing to the military both the intensity of support for the democratically elected president and the problems of securing order that a permanent Carmona government would face. At this point, the US swung behind the OAS position. None of these traumatic developments were broadcast by the private sector media.

In the aftermath of the coup, international mediation efforts were launched in Venezuela sponsored by the OAS. Although committing itself to dialogue, during the initial months of negotiation the opposition maintained that Chávez had to resign. In support of this position, an indefinite general strike was launched in October 2002 by Fedecámaras and the CTV. The failure of the coup attempt had not led to the displacement of Fedecámaras or the CTV as the central organizational vehicles of the opposition. If anything, their position was strengthened by their evident capacity to effect regime change. Responsibility for failure in April was carried singularly by Pedro Carmona, who was smoothly replaced as president of Fedecámaras. Fedecámaras and the CTV engaged in no meaningful consultation with allied groups ahead of the decision to launch the strike and the action progressed without the presentation of an alternative plan of government. While the policy coherence and populist orientation of the Chávez government had damaged Venezuela's economic interests, this was surpassed by the fiscal damage caused by the strike, which lasted for three months. Participation by public and private sector workers combined with pressure from exile groups on foreign companies operating in Venezuela succeeded in ensuring that the action was largely respected, but it was the decision by transitionist elements in PDVSA to

join the strike that accounts for longevity of the action and the gravity of its fiscal cost. Oil production was paralyzed, generating export revenue losses to the treasury in the region of USD 6 billion. This had and will continue to have a devastating economic impact on Venezuelan citizens and yet the strike was politically ineffective. The democratically elected government maintained that the constitutional 'exit' solution was the only viable proposition and without the backing of military force, the opposition had no means of achieving its end. For transitionists, it was clear that nihilism had supplanted rationalism and when the strike fragmented in February 2003, Fedecámaras and the CTV lost their legitimacy as leaders of the anti-government movement.

The removal of the CTV and Fedecámaras enabled transitionist elements to assert their influence through the Coordinadora Democrática movement. By Easter 2003, an accord was reached with the administration that a recall referendum was the only constitutionally acceptable method of replacing the executive. However, because the opposition had spent energy and time mobilizing to remove Chávez, it was ill prepared for engagement in the constitutional process and struggled to collect the signatures required for the recall referendum to proceed. Moreover the opposition labored to maintain internal unity as transitionist actors competed for control of the movement, but on the basis of personality rather than programmatic positioning. This underscored the fact that, since 1998, no attempt had been made to forge linkages with voters through programmatic appeals to policy. Instead transitionist elites sustained the tradition of using charisma to win support. Having been condemned for unconstitutional activity by the OAS, some anti-government groups sought to redefine the nature of constitutionalism in a move that echoed the strategy of the US during the OAS debates on the April coup. Just as the US had pushed for the legitimization of the Carmona regime through reference to the Democratic Charter,⁷ sections of the opposition called for rebellion against the government and legitimized this through article 350 of the constitution which allows for civic revolt against undemocratic authorities. Ultimately no group; the ruling party, the transitionists, the pacting groups or the Article 350 rebels could prevail. This was because they all sought to impose anti-plural, totalizing projects which found no support among the majority of Venezuelan citizens.

XII. CONCLUSION

Dominant parties have been displaced in a variety of regional contexts. The climb back to power in a democratic system is an arduous process and when achieved, is typically predicated on internal party reform

and policy renewal. This is a prerequisite for recapturing popular support and confidence. In Venezuela, the dominant party system and the interests that it privileged were displaced in 1998, and yet without engaging in a meaningful process of reform enjoyed a rebirth in 2002. The manner of challenging *Chavismo* was to compete on the same strategic grounds as a government they condemned as anti-plural, authoritarian and populist. Pacting has left a complex and anti-democratic legacy in Venezuela while the country's status as an oil producer has created powerful internal and external interests in the maintenance of the *status quo*. As a result, the development of economic and political democracy has been hindered and the objective of the leading political forces has been to control the state and its petroleum revenues. Arguably, the lesson from the recent Venezuelan experience is that de-pacting can only succeed if it is supported by a broad, pluralist coalition of political actors and citizens, within the context of a meaningful debate on the nature of the reforms to be introduced. Convergence is not always required and democratic procedures ensure that contesting projects can be introduced at the next election if supported by the electorate. Venezuela's political elite have persistently failed to recognize this, and in doing so have repeatedly failed to reflect the preferences of the Venezuelan electorate.

Notes

- 1 Mediation was undertaken by a tripartite group of actors, the Carter Centre, the United Nations Development Programme and the Organization of American States. In February 2003, international efforts were stepped up through the formation of a six country 'Group of Friends' initiative that included the United States, Mexico, Chile, Brazil, Spain and Portugal.
- 2 For a time series of opinion poll surveys from 1999 to 2003, see the Globovisión website <http://www.globovision.com/documentos/encuestas/index.shtml>.
- 3 The Pact can be read online. Available at: http://www.analitica.com/bitbliblioteca/venezuela/punto_fijo.asp
- 4 R. Caldera won with 30.5% of the votes, C. Fermín (A.D.) 23.6%, O. Álvarez Paz (COPE) 22.7 and, A. Velásquez, (L.C.R.) 22%.
- 5 As discussed in confidential interviews with five senior government figures.
- 6 The author concurs with the view of Conry, Barbara (1993).
- 7 Confidential interviews with three OAS ambassadors, four diplomatic sources and two Venezuelan ministers.

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