

# From Chavismo to a democratic left in Venezuela

## ABSTRACT

Venezuela's political institutions have mutated from a subsidised coalition that almost privatised the oil industry to a populist nationalism that is polarising society to the brink of civil war. In this paper, I examine *chavismo* in Venezuela as a new and unusual revelatory phenomenon and the most extreme case of leftwing populism in Latin America. The within-case analysis addresses the extreme polarisation of the political landscape and the consolidation of the *Partido Socialista Unido de Venezuela* (United Socialist Political Party of Venezuela, or PSUV) as a united leftwing redistributive party. The conclusions suggest that the PSUV would need to evolve into an institutionalised phenomenon –beyond the nominal leader– with a clear division of power and strong internal debate, and the diverse opposition would need to unite under one political organisation with a defined ideology that is more relevant than the single bonding effect of removing Chávez.

KEYWORDS – Institutions, economic development, territorial development, Venezuela, public policy.

## Introduction

How is the *chavismo* popular movement in Venezuela reforming orthodox political institutions? Few articles have addressed this question. The majority of previous studies, including academic research, regularly criticise the harmful consequences of a large populist government. Others have focused on the slow pace of institutionalisation, and some alternative publications highlight the significant social improvements of slashing poverty in half and improving socioeconomic inequalities on the way to becoming the most equalitarian country in Latin America. However, no studies, to the best of my knowledge, explore the conflicting forces between a highly polarised political landscape and the structural consolidation of the *Partido Socialista Unido de Venezuela* (United Socialist Political Party of Venezuela, or PSUV).

Over the turn of the century, Venezuela's political institutions have experienced structural transformations of revolutionary magnitude, to the point that the last half-century can be divided into two periods. The Chávez era is called *chavismo*, and the pre-Chávez era is called *puntofijismo* (in reference to the city where it was signed). *Puntofijismo* was a profit-sharing democratisation pact that governed without competition through compromise and shared spoils, between the two dominant political parties, *Acción Democrática* (Democratic Action, or AD) and *Comité de Organización Política Electoral Independiente: Partido Social Cristiano* (Committee of Independent Electoral Political Organisation: Social Christian Party, or COPEI).<sup>1</sup> The *Punto Fijo* pact turned out to be a powerful subsidised coalition, which diverted oil riches from trickling down to the bottom of Venezuelan society, driving poverty and inequalities to unbearable limits.

*Chavismo* offered real redistribution and more. *Chavismo* captivated the poor and the excluded left with the Bolivarian ideology, which is inspired by the writings and actions of the independence hero Simón Bolívar, civil war leader Ezequiel Zamora, and Bolívar's tutor Simón Rodríguez.<sup>2</sup> The combination of the three was too much for the opposition to handle. Bolívar contributed nationalism and independence from imperial dominance; Zamora added social justice and the unity of the peasants with the army; and Rodríguez was responsible for the education of the masses and the search for a unique identity.

In contrast, the opposition offered a handshake agreement between Henrique Salas Römer (governor of the industrial Carabobo state) and Irene Sáez (the mayor of the upper-

class Chacao municipality and former Miss Universe). Fourteen years after the 1998 presidential election, which marked the end of *puntofijismo* and the beginning of *chavismo*, the opposition continues to offer more of the same in a slightly improved version. Old-timers such as Henrique Salas Römer have been replaced by the elite poster boys Henrique Capriles Radonsky (Miranda state governor) and Leopold Lopez (former Chacao municipality mayor).

I expand on these accounts by suggesting that at the 2012 presidential election, the opposition was two steps behind the *chavismo*. First, the opposition did not present a united, clearly defined ideology. Second, the opposition was not consolidated under one centre-right political party that could balance the impact of the PSUV. Instead, the opposition entered the election through a shaky treaty between 28 political parties, including the old-school AD and COPEI, the new-school *Un Nuevo Tiempo* (A New Era, or UNT) and *Movimiento Primero Justicia* (Justice First Movement, or PJ), and the Marxist-Leninist *Bandera Roja* (Red Flag).

This paper matches these assertions and updates the data by describing the preliminary consolidation of the PSUV as an institutional leap forward during the November 2008 subnational election. The focus of this analysis is that the structural consolidation of the PSUV is dependent on three factors: (1) the PSUV's internal voices must be harnessed rather than suppressed; (2) the PSUV's headquarters must enforce a clear division of power between the central government, the state, and the public administration; and (3) the PSUV must institutionalise into an independent phenomenon beyond its founding leader's bonding effect.

This paper is structured as a typical case study, in which the case description precedes the theory. The next two sections reviews the evolution of neoliberalism versus socialism during the last few decades in Latin America and assesses the consequences of the *chavismo* administration without demonising its failures or portraying a rosy depiction of its successes. After the general case description, this paper aims to contribute to the unsettled *chavismo* debate by going beyond the specifics of government performance and identifying the clash between polarisation and institutionalisation. The last two sections conclude and offer a theoretical framework from which to evaluate and understand the decade-long *chavismo* government rule.

## **Background: Neoliberalism vs. Socialism**

Neoliberalism was introduced to Latin America during the 1980s with the invasion of foreign debt just before the US decided to increase interest rates as a governmental measure to slow domestic inflationary pressures. Naturally, the refinancing of debt that followed the interest rate hike was conditioned on a series of orthodox policies championed by the IMF and the World Bank known as the Washington Consensus.

The 1980s are considered ‘the lost decade’ in Latin America; between 1983 and 1992, the number of people living in poverty increased from 78 million to 150 million.<sup>3</sup> The harmful effect of the neoliberal experiment in Latin America continued through the 1990s. The largest economies in the region were the venue for the most dramatic crises: Mexico in 1994, Brazil in 1999, and Argentina in 2002. Hyperinflation was checked, but this achievement came at a tremendous cost. For more than a decade, economic development was paralysed, public deficits spiralled, the majority of the population had their rights expropriated, and the concentration of wealth grew greater than ever before.

At the turn of the century, the Free Trade Area of the Americas (FTAA) was the main agenda at the Organization of American States’ (OAS) Third Summit of the Americas in Miami, 2001. The objective of the FTAA was to guarantee hegemony for the US and Canada over a territory that stretched from the Arctic to the Antarctic, and to increase corporate profits in a neoliberal strategy of exogenous development based on trade and deregulation of competitive markets.

The twentieth century, however, marked the end of neoliberalism in Latin America. The new millennium witnessed the election of eleven socialist Presidents, beginning in Venezuela with Hugo Chávez in 1998. Chávez won three more presidential elections in 2000, 2006, and 2012; and one recall referendum in 2004. Furthermore, Argentina had Néstor Kirchner in 2003 and his wife Christina Fernández in 2007 and 2011, and Bolivia had Evo Morales in 2005. Morales won a recall referendum in 2008 with 67%. Ecuador had Rafael Correa in 2006 and 2009, and Uruguay had Tabaré Vázquez in 2004 and ex-guerrilla “Pepe” Mujica in 2009. Nicaragua had Daniel Ortega in 2006 and 2012, and before the 2009 *coup d'état*, Paraguay had Fernando Lugo in 2008. El Salvador had Mauricio Funes in 2009, Peru had Ollanta Humala in 2011, and before the 2009 *coup d'état*, Honduras had Manuel Zelaya in 2005. (This list excludes Raul Castro because the Cuban electoral system does not include contending candidates at this level.)

The eleventh country in the list is Brazil, with Lula da Silva in 2002 and 2006, and ex-urban guerrilla Dilma Rousseff in 2010. It is important to note that Brazil is the undisputed leader of Latin America and that the *Partido dos Trabalhadores* of Brazil is closer to the *chavismo* government in Venezuela than to rightwing governments that have close ties with the US, such as Mexico, Costa Rica, Panamá, and Colombia. Brazil has repeatedly served as a vital guarantor of Chávez in the face of his enemies, just as it has supported the socialist government of Evo Morales despite the abrupt nationalisation of the Brazilian state-owned oil enterprise PETROBRAS interests in Bolivia.

### **Assessing the *Chavismo* Government**

Between 1958 and 1998, only the presidencies of Rómulo Betancourt (1959-1964) and Raúl Leoni (1964-1969) had a centrist position. Subsequently, Venezuela's succession of governments became increasingly rightwing market oriented. The peak of neoliberalism came during the second administration of legendary AD leader Carlos Andrés Pérez (1988–1992). The result of Pérez's second administration of extreme policy adjustment was a massacre in 1989 called *Caracazo* and two failed coups in 1992, which ultimately led to the impeachment of the President.

At the 1998 presidential election, everything changed when the *chavismo* popular movement rose to political power with a young Hugo Chávez leading the way. To some, the godlike presence of President Chávez represents the only hope of a desperate poor and the shining champion of a left that refuses to die in Latin America. To others, Chávez is a Marxist-communist totalitarian with no intention of stepping down from power or releasing institutional control over the oil rich revenues of Venezuela. Chávez has been called the new Bolívar, Castro's successor, an authoritarian dictator, a charismatic leader, a crafty politician, a buffoon, and, most of all, a ranting populist.

The *chavismo* phenomenon in Venezuela is undoubtedly of the populist variety, similar to Juan Perón in Argentina or Lázaro Cárdenas in Mexico. This is mainly because it 'relies on a charismatic mode of linkage between voters and politicians, a relationship largely unmediated by any institutionalised party, and...bases itself on a powerful, Manichaeian discourse of "the people versus the elite" that encourages an "anything goes" attitude among Chávez's supporters'.<sup>4</sup>

## **Good *Chavismo***

The first half of the decade-long *chavismo* government was not easy. A new Constitution, an oil executive sabotage, one *coup d'état*, two bosses' lockouts, and eight democratic elections were the political highlights from 1998 to 2005. Despite the costly long-term effects of the destabilising coups, strikes, and oil sabotage, the second half of the *chavismo* administration was a different story. GDP in Venezuela has doubled since the oil strike seven years ago, poverty rate decreased from 54% in 2003 to 23% in 2011, and the extreme poverty rate plunged from 43% in 1996 to 6% during the same period (National Institute of Statistics, or INE). Unemployment rate also fell, from 17% in 1998 to approximately 7% in 2011 (Central Bank of Venezuela, or BCV).

Poverty reduction is mainly attributed to an increase in real social spending per person to approximately one-fourth of the federal budget (INE). The highlights of social spending are education, which is reflected in the improvement in the United Nations Human Development Education Index from .75 in 2000 to .80 in 2010, and the increased literacy rate, from 90% in 1999 to a level that is almost free of illiteracy according to UNESCO estimates. In line with these data, the United Nations Human Development Index (HDI) dramatically improved, from 0.66 (medium range) in 2000 to 0.74 (high range) in 2011. During the past five years (2006-2011), Venezuela's HDI country ranking has increased an impressive seven places.

Technology and health have also benefited from the increase in social spending. There are two specific examples in the area of technology: (1) 10 January 2009, when Venezuela officially entered the space race by assuming total control of its first orbiting satellite; (2) and 8 May 2009, when the first 600 Venezuelan cars came off the assembly line ready to hit the streets. From a health-related perspective, the flagship *chavismo* social programme, *Misión Barrio Adentro*, institutionalised a network of health clinics in low-income neighbourhoods where Cuban doctors treat the poor for free. *Misión Barrio Adentro* has had a tremendous impact on reducing infant mortality rates (five years of age or younger per 1,000 live births) from 32 in 2000 to 23 in 2008 (World Health Organisation, or WHO).

The decrease in inequalities in Venezuela also deserves special recognition. Official data audited by the United Nations Economic Commission for Latin America and the

Caribbean, or ECLAC, show that the Gini coefficient inequalities indicator improved from 51 in 2002 to 39 in 2011. To understand the magnitude of this decrease in inequality, consider a similar movement in the opposite direction for the US during a period of significant upward redistribution of income, from 40 in 1980 to 47 in 2005.

Undeniably, the beneficial socioeconomic effects of the *chavismo* administration are based not only on favourable oil prices over the turn of the century but also on recapturing sovereignty over oil by charging higher royalties and nationalising strategic oil-related firms. Parallel to the steep increase in oil revenues, Venezuela broadened its client base beyond the US, establishing enormous joint exploration deals with countries such as China, Brazil, and Russia. China alone accounts for roughly 17% of Venezuela's total oil exports (INE), which represents about 4% of energy-hungry China's total oil imports.

The significance of broadening the client base has nothing to do with the economic principal of diversifying the market; it is related to minimising the threat of foreign invasion. Venezuela owns the largest proven crude oil reserves, with 297 billion barrels. Saudi Arabia is second, with 265, and Iran and Iraq are third and fourth, with approximately 150 each.

### **Bad *Chavismo***

Unfortunately, the negative consequences of the *chavismo* administration on governance are even more impressive. When asked by reporter Patricia Janiot of CNN on 3 February 2009 what grade Simón Bolívar would give to the decade-long *chavismo* government rule, Chávez answered that Bolívar would probably give him 55 out of 100. If the undisputed leader barely approves his term in office based on his own standards (assuming that a failing score is below 50), one could imagine the real grade.

The generalisation of crime is a distinctive characteristic of the Chávez administration and is slowly becoming the downfall of the *chavismo* popular movement's astronomical rise to power. According to data from the *Cuerpo de Investigaciones Científicas, Penales y Criminalísticas* (Criminal and Penal Scientific Body of Investigation, or CICPC), during the last decade, 101,141 people were killed, a rate of 842 per month or 28 per day, and 2,003 people were kidnapped, a rate of 200 per year or 17 per month. According to the 2010 *Observatorio Venezolano de Violencia* (Venezuelan Observatory of Violence, or OVV) Report, using data from the Interior and Justice Ministry, the National

Statistic Institute, the Central University of Venezuela, and the Centre for Peace, the number of homicides in Venezuela skyrocketed from 19 per 100,000 in 1997 to 75 per 100,000 in 2009.

Recent data from the WHO show that Venezuela is the fifth most dangerous country in the world in terms of total homicides per population, just ahead of Colombia, which is number six, and behind Guatemala, Côte d'Ivoire, El Salvador, and Jamaica.<sup>5</sup> The main cause of the increase in homicides is the free traffic of guns in the street, estimated to be between nine and 15 million pieces (or a rate of two to three per home), and homicide impunity, estimated at an outrageous 94% in 2008.<sup>6</sup>

Rising inflation and corruption are two additional factors that have significantly undermined the performance of the *chavismo* administration. Consumer price inflation has steadily increased: 14% in 2005, 17% in 2006, 23% in 2007, 31% in 2008, 25% in 2009, 26% in 2010, and an eye-popping 28% in 2011 during times of strong worldwide deflationary pressure (INE). According to the reliable anti-corruption organisation Transparency International, the Venezuelan Corruption Perception Index (CPI) has worsened, from a very low starting point of 2.6 in 1999 to 1.9 in 2011 (the CPI ranges from zero to ten, with lower scores corresponding to worse corruption ratings). Shockingly, based on the CPI, Venezuela is the tenth most corrupt nation in the world out of 182 countries.

Finally, a significant harmful effect of the *chavismo* administration that deserves more academic attention is the increasing polarisation of the political landscape, which may eventually open the door to another *coup d'état*. The polarisation virus in Venezuela appears to be a direct consequence of four factors: (1) the inflammatory and confrontational *chavismo* rhetoric; (2) an anything-goes government style that bends the law to its own will; (3) hysterical reactions by an irrational opposition that creates a zero-sum political framework; and (4) weak political party institutions.

## **The Venezuelan Political Landscape**

It is nearly impossible to make sense of the Venezuelan government because mainstream media and academic publications tend to publish contradictory accounts on the subject. The November 2008 subnational election in Venezuela is a perfect example of polarised

political forces stretching the truth in opposite directions beyond reconcilable boundaries. One extreme of the relative truth exaggerated the landslide nationwide victory and understated the stunning defeats in the capital region of three top *chavistas* subnational leaders: Jesse Chacón, in the predominately poor municipality of Sucre; Aristóbulo Istúriz, in the capital city of Caracas; and Diosdado Cabello, in the populous Miranda state. Under normal circumstances, the electoral outcome at a local, city, or regional level of government in the capital region should have been sufficient to inspire a complete overhaul of top-ranking officials in the PSUV organisational structure.

Anti-*chavistas*, in contrast, distort what really happened on Election Day. Some used misleading titles, such as ‘Chavez Supporters Suffer Defeat in State and Municipal Races’.<sup>7</sup> Others published twisted data: ‘Nationwide, the opposition won 52% of the popular vote against the government's 48%’.<sup>8</sup> Official results –conceded by both sides, corroborated by exit polls, and confirmed by international observers– portray another story. At a regional level of government, Chávez supporters won 17 of 22 states, including the vast majority of legislating state councils.

At a local or municipal level, *chavismo* won 263 of 326 available offices, thirteen more than the record-breaking previous subnational election in 2004. In total, more than five million (53%) of the electoral base elected *chavistas* candidates, and less than four million (42%) voted for the opposition political parties. The remaining 5% (the difference between 53% and 42%) were attributed to an independent third sector, consisting mainly of *chavismo* dissidents, such as *Patria Para Todos* (Fatherland for Everyone, or PPT) and *Partido Comunista de Venezuela* (Communist Venezuelan Party, or PCV).

Critics of the *chavismo* government also argue that the wealthiest and most populated states of Zulia, Miranda, and Carabobo are now in hands of the opposition. They claim that Chávez supporters lost three states compared to the 2004 election, from five (Carabobo, Miranda, Nueva Esparta, Táchira, and Zulia) to two (Nueva Esparta and Zulia). The first argument, however, tends to forget that the opposition governs less than a third of Venezuela's 26 million people, including the vast minority of state capitals. The second argument overlooks the five *chavistas* dissident governors in Aragua, Carabobo, Sucre, Trujillo, and Guárico. If these states are factored into the equation, *chavismo* actually gained political control over two additional states on Election Day.

## Consolidation of the PSUV

The issue of who won or lost the 2008 subnational election in Venezuela is irrelevant in light of the fact that for the first time in ten elections, the *chavismo* phenomenon was united as a single revolutionary political party that was prepared to overcome the problems generated by a rigid bureaucracy and to articulate popular support with the *chavistas* base. Before 2008, the *chavistas* consisted of a conglomerate of leftwing political parties led by *Movimiento Quinta República* (Fifth Republic Movement, or MVR). After 2008, former *chavistas* who did not belong to the PSUV were either cast out into an independent third sector or operated with little voice in the opposition alliance.

The consolidation of the PSUV, however, presents a hint of what a healthy democracy should look like. The real test will come when institutional checks on power are enforced by separating key positions from political ties, such as the attorney general and the national controller. Often, when the judiciary, congress or electoral power raises objections to government policy, the President threatens reprisal and dismissal.<sup>9</sup>

Another shortcoming of the PSUV is that the only factor that keeps the organisation together is its common allegiance to Chávez. In response to these issues, an unconditional factor for the structural consolidation of the *chavismo* phenomenon is that the PSUV's internal voices should be harnessed rather than repressed. Additionally, to become an institutionalised political party, the PSUV must rely on a set of rules rather than the whims of its leader to govern itself.

The road ahead for the opposition is long and includes larger issues than the PSUV. This is mainly because the opposition is a complex organisational mixture consisting mostly of rightwing political parties with contradictory ideologies (except for the common goal of removing Chávez from power) and antagonist leaderships with wide generational gaps. To evolve, the opposition in Venezuela must converge into one political party with a defined ideology beyond the irrational objective of removing Chávez.

Furthermore, in a constructive democracy, left and right political forces should alternate power. In Spain, for example, the *Partido Socialista Obrero Español* (Spanish Socialist Workers' Party, or PSOE) and the *Partido Popular* (People's Party, or PP) have alternated political power since the end of Franco's military rightwing dictatorship four decades ago. This alternation of the presidential office has encouraged a series of beneficial effects on governance based on a constructive competitive cycle. In the case of Venezuela,

the alternation of power will only become a reality when an opposing leader backed by a united political party defeats the PSUV in a democratic presidential election.

However, this scenario is hypothetical at best because Chávez appears to be immune to the typical popularity decline. The latest demonstration of popular support for the undisputed party leader took place in October 2012, when Chávez swept his third presidential election. A few years earlier, in February 2009, Chávez earned a commanding 55% approval in a referendum to include the unpopular possibility to run for consecutive presidential terms. Compared to the similar Constitutional reform in December 2007, the February 2009 referendum represented a 44% increase in total votes for *chavismo*, from 4,370,392 to 6,130,482. The opposition alliance, in contrast, increased only 15%, from 4,504,353 to 5,193,839.

## Theoretical Framework

### Evaluation Matrix<sup>10</sup>

‘Radical democracy’ emphasises quantity over quality (or the majority rule) by increasing the participation of the popular sectors of society, such as *consejos comunales* (community councils) in Venezuela. ‘Liberal democracy’ emphasises an institutionalised system of checks and balances that boosts national production and is tough on corruption, which is the secret to Chile’s and Uruguay’s outstanding overall performance. ‘Social prioritisation’, or social national planning, encourages a worker/management scheme in SOEs, such as the *empresas mixtas* (mixed enterprises) in Venezuela. In contrast, ‘pragmatic decision-making’ targets production efficiency mainly through the opening of the economy to global competition by means of free trade agreements (FTAs), such as the North America Free Trade Agreement (NAFTA).

Therefore, judged by ‘liberal democracy’ criteria and ‘pragmatic decision-making’ standards, the decade-long *chavismo* government has failed to substantially increase production and has moved very slowly towards institutionalisation. However, judged by ‘radical democracy’ criteria and ‘social prioritisation’ standards, which emphasise the participation of the popular sectors that were formally excluded and guiding strategic national production towards social objectives to the detriment of the efficiency incentives

of profit-seeking, the *chavismo* government fares much better—as well as other countries that are members of the *Alianza Bolivariana para los Pueblos de Nuestra América* (Bolivarian Alliance for the Peoples of Our America, or ALBA) (refer to Table 1).

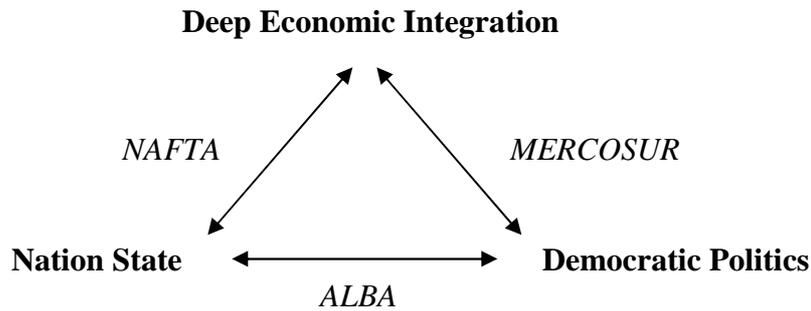
**Table 1.** Evaluation Matrix

		CRITERIA	
		Liberal Democracy	Radical Democracy
STANDARDS	Pragmatic Decision-Making	NAFTA	
	Social Prioritisation	MERCOSUR	ALBA

**Political Trilemma<sup>11</sup>**

A market-oriented economy cannot coexist with redistributive democracies in a sovereign developing nation. That is, a nation state, democratic politics, and economic freedom are mutually incompatible; at most, only two of these three can coexist. A nation state is the self-determination to govern without supranational intervention. Democratic politics reflect public policy decisions that are made by those who are directly affected by them. Deep economic integration is the adoption of an orthodox Washington Consensus neoliberal prescription of stabilisation, privatisation, and liberalisation; in other words, stabilising the monetary system by devaluing local currencies and eliminating capital flow controls and tightening the budget by cutting social spending and replacing inefficient state enterprises with privately owned corporations, opening the market by liberating prices and slashing imports tariffs, and liberalising the economy by relaxing labour legislations and minimising regulation restrictions (refer to Diagram 1).

**Diagram 1.** Political Trilemma ‘pick two, any two’



Most countries fall somewhere between two corners of the political trilemma. For example, the EU chose to integrate and erect an extensive welfare system of social insurance, which fits perfectly between ‘deep economic integration’ (top corner) and ‘democratic politics’ (bottom-right corner). However, by foregoing ‘nation state’ or self-determination, the EU member countries lost autonomy in terms of monetary and immigration issues. The US, on the other side of the Atlantic, chose a completely different strategy. The US has reached momentary unipolar superpower status with an extra dose of the neoliberal recipe for economic development, especially in terms of FTAs and strong self-determination to do whatever it takes in the international arena. However, by foregoing socially responsible policies, the US lags on inequality, which can be measured by its atrocious Gini coefficient historical track record.

The best option for Latin America is not to mimic the EU welfare liberal democracy or the US nationalistic free trade. A third path may be the best choice for Latin America. The orthodox Washington Consensus prescription of liberalisation, privatisation, and stabilisation may simply not be the best solution to Latin America’s daunting array of problems. Instead of embarking on another suicidal neoliberal trip, Latin America should take into account its recent traumatic experience with orthodox Washington Consensus policies and reconsider the possibility of a third path. The economic collapse of Mexico in 1994, Brazil in 1999, and Argentina in 2002 contributes to the ongoing debate over whether market-oriented policies can produce real improvements in living conditions for a developing country’s poorer citizens.

## Conclusions

From 1958 to 1998, Venezuela experienced a succession of governments called *puntofijismo* that was controlled by the economic and social elites, which followed a *laissez-faire* capitalist agenda. This succession of market-oriented governments was rooted in ‘deep economic integration’ and ‘nation state’ principals. In sharp contrast, the *chavismo* administration is based on ‘democratic politics’ and ‘nation state’ principals. Furthermore, based mainly on ‘liberal democracy’ criteria and ‘pragmatic decision-making’ standards, the Bolivarian government in Venezuela is also performing fairly well.

The rightwing democratic subsidised coalition that governed Venezuela for nearly four decades was, in fact, a strong supporter of the Washington consensus, to the extreme of almost privatising the oil industry (PDVSA) by the end of the century in times of triple-digit inflation, devastating poverty, high unemployment, and a profound socioeconomic division between the rich and the poor. The legal instrument for the privatisation of PDVSA was an IMF-sponsored programme called *Apertura Petrolera* (Oil Opening), which was in effect from 1996 to 1998. This programme was designed by Planning Minister Teodoro Petkoff and approved by President Rafael Caldera.

In 1998, at the epicentre of a complete lack of authority and legitimacy, Venezuela’s 40-year flirtation with a market-oriented economy ended abruptly when Chávez swept the presidential elections. Regrettably, so far, the *chavismo* political era is repeating the institutional shortcomings of the *puntofijismo* governments. The bottom line is the same: political institutions are increasingly weak, and party leadership (*cogollos*) is responsible for all strategic decisions.

How can democracy and institutions be reformed in the best interest of all Venezuelan citizens? The answer to this question appears to be straightforward: the consolidation of the PSUV must become a structural and institutional phenomenon. That is, the PSUV must encourage internal voices by enforcing the necessary division of power. Then, the PSUV must evolve beyond the nominal leader’s unmatched skill to galvanise popular support and preserve cohesion. The next frontier for the PSUV, after the colossal step of structural institutionalisation, would be to consolidate a constructive democracy by handing over, in a democratic election, the presidential office to a united centre-right political party with a clearly defined ideology and an undisputed leader.

For the specific case of Venezuela, two or three presidential elections from now, one of today's rising stars in the opposition alliance, possibly Henrique Capriles or María Corina Machado, would have to defeat the best the PSUV has to offer (such as today's pragmatic managers José Vielma Mora or Dante Rivas) in a democratic election. There are no easy choices here. As Machiavelli said, 'It must be considered that there is nothing more difficult to carry out, nor more doubtful of success, nor more dangerous to handle, than to initiate a new order of things. For the reformer has enemies in all those who profit by the old order, and only lukewarm defenders in all those who would profit by the new order'.<sup>12</sup>

## Notes

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