

Venezuela and the Pink Tide  
Alternatives to Capitalism, Socialism and Other  
Peter, 2/19/2021

Introduction-- **Pink Tide!** Election of left oriented governments in Latin America beginning with Hugo Chavez and Venezuela in 1998.

Often new parties, less based in traditional working class, more on popular classes. In most countries of Latin America, majority of working population is in the informal sector (not part of the social security system, not covered by minimum wages, regulations of hours, rules on layoffs--e.g., domestic workers, selling goods and services on the street, small restaurants and grocery stores in one's home, home work, farm work)

**Major role of social movements** in development of new parties, ending rule of neoliberal parties

Openly anti-neo-liberal in ideology, in practice, sometimes less so.

Often developing of new constitution when in power, constituent assembly

Often calling themselves, socialism for the 21st century, not Soviet model (pink not red) ; also anti-imperialist, against U.S. political domination

Many defeated in last 10 years--some come back recently-Argentina, Bolivia (Luis Arce and MAS, Bolivia; Andre Arrauz (Union por la Esperanza came in first in Feb 7 election--runoff)

Examples--Venezuela, Bolivia, Uruguay, Honduras (Manuel Zelaya overthrown in 2009), Paraguay, Ecuador, Argentina, Brazil, Mexico (2018? more next week), Nicaragua?, El Salvador.

Venezuela Program- took classes there for 9 weeks in winter, 2009, 2012, year long program with Anne Fischel, huge demand in 2008-2009, less in 2011-2012,  
Shared knowledge in spring--videos, book, exhibits, talks  
Looking for alternative to capitalism,  
Lifelong interest in that and also opposing U.S. intervention,

## I. Map and Demographics-

see map (desktop)

Population, 29 million-fifth most populous country in LA—Brazil, Mexico, Colombia and Argentina

Area—about 300,000 square miles, twice the size of California but much smaller population (California over 40 million) —concentrated in north and northwest—

Black, 10-14% (social determination of race, different from U.S.), slavery ended 1854

White (European) --20%--many immigrant from Spain, Portugal, Italy in 1950's, 60's--encouraged by state to whiten Venezuela. Very racist country

Mestizo --mixed background, (mainly Black, indigenous , also part European), about 65%

Chinese, maybe 1%; Indigenous— 2% (near Colombian border and SE Venezuela

Population growth, static recently-- --mass emigration 4-5 million, 2015-2019, although some return in 2020 because of treatment of Venezuelan refugees in other countries connected to Pandemic and recession in Colombia and other countries in South America

Overwhelmingly urban, 90%, only 3-4% primarily agricultural—imports majority of food.

Oil—largest or second largest reserves in the world with Saudi Arabia

## II. Key events,

A. Puntofijo--sharing of power, alternating between two parties of elite, analogy to U.S., after Jimenez dictatorship

B. Guerilla Movements, Urban and especially rural --foco theory dominated, defeated, 1960's

C. Nationalization of oil, 1976--Carlos Andres Perez--national development, ISI  
Replaced by other major party afterwards--strong neoliberal turn, large international debt

D. Caracazo-- Feb 27, 1989:First major uprising against neoliberalism? -President Carlos Andres Perez. who had been populist in 1970's—had nationalized oil, ran in 1988 on anti-neoliberal platform, and return to national development, Won, accepted and imposed structural adjustment, to get loans from IMF, raised price of oil, large increase also in bus fares. Riot Caracazo, 350-1000 killed, mainly urban in Caracas from barrios, hills--popular classes (poor) ; seizing food, looting; point of Mike Gonzales in *The Ebb of the Pink Tide*--not fully spontaneous, built on past organizing  
Popular uprising against austerity and structural adjustment.

E. attempted coup led by Hugo Chávez in 1992, defeated for now, “por ahora” when he gave himself up--attempted military coup--not a revolution, Chavez claimed 1989 Caracazo was a turning point in his goals, actions. released in 1994, similar to Fidel after attack on Moncada Barrack.

F. Hugo Chavez ran for President in 1998, got 56% of vote.

1. How quickly parties can collapse, two party system of AD and Copei lost almost all support
2. Very influenced by Simon Bolívar, changed name of country, to Bolivarian Republic of Venezuela
3. Platform—endogenous development (food sovereignty), increase social spending, reduce dependence on oil, anti-neoliberal in campaign and in office, nationalist but certainly not anti-capitalist

G) 1999, New Constitution, Constituent Assembly

delegates elected from communities, representatives, wrote a new constitution that was overwhelmingly voted for.

analogy-Black Panther Party (BPP) had a constitutional convention in Philadelphia in 1971--10,000 people attended but less significant because did not have power. (see Judas and the Black Messiah, on BPP in Chicago)

Venezuelan Constitution--Most families have a copy of it, sold for almost nothing at every kiosk  
Reaffirmed oil as belonging to nation, Increasing taxes on oil which was nominally public but actually its own institution.

Right to education, food, job, housing, health, water

Three types of property: state, social and private--strong role of private property (not socialist)

Indigenous rights, autonomy, 3 legislators for indigenous groups out of 165

Also pension for home workers (social security); women's equality

Presidential election every six years, right to recall President by popular vote

H. 2002 April 11<sup>th</sup> attempted coup, See movie, “Revolution will Not be Televised”, division within military, especially among non-officers; huge popular outpouring, U.S. complicity and lies of media, which is worse on Venezuela than almost any country, past and present

Coup failed, Chávez back in power three days later.

To Gonzales, activity by popular classes was decisive and changed Venezuelan politics, see pp. 39, last paragraph

I. December 2002--employer lock-out, including especially, PDVSA, the oil company. Second coup attempt

Failed, students, non-managers, other workers defeated lock-out

Led to more complete and substantive nationalization of oil

Importance in any transformative change, to protect against economic and military counterrevolution.

J. 2003-present, Missions, (misiones) social economy, cheaper food, Barrio Adentro; health clinics in poor communities--most of Venezuela, hospitals; --large Cuban presence; job training, alternate education for illiterate, older people, up through university; major growth in literacy, higher ed; madres del barrio, Vivienda (housing); in forming cooperatives; **cooperatives stressed**. Poorer people gaining power individually and to some extent collectively

Certainly improved people's lives--hope to me that it was building an alternative to challenge the existing govt and social policy which was still primarily run by the old pro-capitalist elites, see also communal councils below.

Education connected to social change although often top down teaching

### **Funded by PDVSA, by oil company revenues**

In 2009 trip-1. Carora--Mission Ribas--like middle and high school--students learning, moving and powerful, criticisms by students of Chavez, Bolivarian revolution, govt open, no fear of criticism  
2. Health--Caitlin Mc, pneumonia--no charge for good health, at same time a friend in Olympics died of pneumonia, no health insurance

Few health resources today, medicines not available or equipment, see Gonzales; pp.117;  
e.g. Lack of birth control resources; also mainly patronage, increasingly since 2015  
with collapse of economy; different from Cuba where education, health care maintained.

K. 2004-Bolivarian Alternative for the People of the Americas (ALBA)—originally mainly Cuba, Venezuela—spread to Bolivia, Ecuador, Nicaragua, Caribbean countries—9 or 10, own bank (also Banco del Sur), fair trade, Sucre (currency), technology development and sharing. Never developed much beyond trade. Important in building socialism in smaller countries to have allies and networks, especially, fair trade not free trade

L 2005-2006, Chávez at World Social Forum in Brazil that Venezuela was pursuing socialism and that he was one—Chávez influenced by Bolívar, Marx, Liberation theology, dependency theory, **idea of development of human being as key part of socialism**, also socialist institutions--Chavez -nationalist, Latin Americanist and internationalist. Food sovereignty, oil revenue to finance diversification, agriculture

2006--Forming of PSUV, United Socialist Party of Venezuela, led by Chavez, not clear position of what socialism is; limited debate within party (Gonzales, pp. 114-115)

Nationalization is necessary but not sufficient for socialism--PDVSA (oil company) --top down management, labor process--no worker control; similarly telephone company; some attempts at self-management in steel and aluminum companies but didn't last (not sure why)

To meet worker and consumer needs, economy can't be private market economy but nationalization is no guarantee

Problems of markets and mixed economy in Venezuela, can be generalized.

1. Also issue of global markets, as regards to imports, exports--volatility, also high price of imports, terms of trade.

Also question of prices in neighboring countries; if prices different from market prices in Colombia--buy imports from Colombia rather than produce it if cheaper there; similarly if prices higher in Colombia--gasoline, sell it there). Also wages--if you make them more equal--by for example, high taxes on high income employees, professionals--they can make higher incomes elsewhere may emigrate, Cuban example of doctors

2. Domestic markets, whether coops (big emphasis in early years of Bolivarian revolution) or nationalized firms, competing against private firms--pressure to externalize costs, keep wages down to compete.

3. If full-price is paid to owners, domestic or foreign, for nationalizing businesses; ex owners are capturing much of the surplus, Example, tire factory, land takeovers. How much of revenue goes to pay interest and principle to ex-owners?

Alternative--Democratically Planned Socialist Economy--Difficulty of Mixed Economy, competition  
**Also importance of developing socialist and anti-capitalist consciousness; building on these values which are stronger in many indigenous communities.**

M. Communal Councils, later established communes, 2006-2009; pp. 43-47

Self-government, budgets significant up to 1/3 of budget of cities--federal and State funds--200-400 families in cities, smaller in rural areas; some production units (social production), communes larger aggregations--dual power, socialist production enterprises, but small, run by communities and workers (participatory socialist) e.g., milk factory, clothing--only 3% of economy, never grew substantially.

Economy mainly state owned and private. State owned and socialism are not identical

My hope for Venezuela was that state and social enterprises would grow and state enterprises would increasingly be self-managed by workers with community role (quality of goods, reducing pollution, externalities) and eventually take over the entire economy. Add in communal councils, building of popular power in place of old state bureaucracy but with Chavez leadership of government central--inside, outside strategy. Government also providing resources, e.g. budget.

N. Major gains in Venezuela from 2003-2013--dignity of people, major declines of poverty (by 1/2 or more); income inequality declined significantly from one of highest to lowest in Americas (except maybe Cuba), growth of literacy and higher education, one of the highest in global South, also health care. Truly significant for people's lives,

2009--first trip--hope in population; e.g. Vote to end term limits, high vote showed support for socialist project and especially Chavez.

I thought movement towards socialism in 2009, even 2012, although when our class visited in 2012, didn't see growth in social or socialist economy nor more self-management in state enterprises nor growth of communes and communal councils. Socialism to me means movement in socialist direction, not really happening even in later years of Chavez administration.

O. Limitations, 1999-2013 (Chavez led period)

1. Gains impressive but partially dependent on high commodity prices (true of all pink tide countries)
2. Oil dependence; Dutch disease--no break from it although oil revenue was shared with poor, especially in terms of social programs . Limited environmentalism although major debates over coal. Destructiveness of oil, also on workers

Oil 95% of exports (at least that today), 50% of govt revenue.

3. Agriculture, almost all imported--no significant diversification although attempts--difficult to get people to move back to rural areas

4. Production--little self-management, powerful capitalists, the old, and new, the bolibourgeoisie

5. Violence continued-no decline; reducing poverty necessary but not sufficient to reduce violence

6. Inefficiency and corruption, connected to dual prices and dual currencies in Venezuela, black market grew for dollars and also for goods not available in stores

Govt would sell dollars cheaply for Bolivars to importers, so they could buy needed products on global markets. Bolivar is not a reserve currency, can not be used for imports; special role of dollar.

Huge demand by Venezuelans for dollars, to travel, buy imports, **as a store of value** as price began to grow substantially, 68% by 2013 although incomes for the most part kept up. Hence if you could buy dollars from the government and sell them on the gray market, black market you could make profits like what people were making on Gameboy. Also to hold savings--continued decline of value of Bolivar, rising Inflation which becomes self-perpetuating especially as supply of goods declines.

Inflation beginning to grow substantially by 2013 to 68% and super hyperinflation since (100% usually considered hyperinflation, meaning prices double or more)

Much of corruption was by pro-Chavez people, the Bolibourgeoisie. Chavez too loyal

7. Lack of an overall plan of balanced growth, industrial and agricultural; lack of productive investment, including infrastructure, little investment planning; trains, bridges, starting not completing. huge waste Huge waste by changing plans.

8. Not dictatorship (ridiculous claim) but not enough of empowering of population, organizations.

Too much micro management by Chavez--hardly slept, 20 plus cups of coffee a day-

Venezuela didn't develop high quality alternate or government media;, didn't close down right wing media. even though many involved in 2002 coup (probably supported by U.S. government)

9. Capital strike and flight and **U.S. intervention**, U.S. funding opposition, more below Why, U.S. intervention in Venezuela-Oil plus threat of a good example!

Death of Chavez, March 2013

**Conclusion:** Major improvement in the lives of most people in Venezuela--economically, value of popular classes, not inferior, as subjects of history, very important. Reduction in racial inequality, Latin American solidarity, critique of U.S. wars in Iraq, Afghanistan, support for Palestine. Oil at low prices for poor communities in U.S. Improvement in lives of women of popular classes although didn't legalize abortion--job training, especially for women (housewives)coops, jobs, social security, reduction in domestic violence. Chavez claimed he was a feminist and to be a socialist is to be a feminist and to be a feminist is a socialist, growth of left women's movement in Venezuela.

Helped bring back idea of socialism on the world stage; a socialism that is socialist and democratic where the popular classes, poor people are the protagonists. more power at the community level. To some extent used his position to educate and empower popular classes, e.g., anti-patriarchy. Some important socialist elements. Still capitalist, see pp. 120--but at least until 2009 or later, moving in socialist direction.

So I am more positive about Chavez and changes in Venezuela, 1999-2013 or 2014 than Mike Gonzales

Social Democratic, National development in a global capitalist world--some important socialist elements

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\*\*Some continuity from Chavez to Maduro,

However, Venezuela is not a model, today in 2021, and some of the limitations of 1999-2013 when Chavez was President have seriously worsened under Maduro and not totally separate.

10) Nicolas Maduro, selected by Chavez to be next President, vice-president, elected in national election by a very small margin in 2014, 1 percentage point and reelected in 2019 when much of opposition called for a boycott. Probably not fraudulent in a narrow sense

- a. Price of oil (barrel) decline as cause of declining economy based so heavily on oil production, export
  - 2014-\$96
  - 2015-\$49
  - 2016-\$41
  - 2017-\$53
  - 2018-\$70
  - 2019\$64
  - 2020-\$41

Source: OPEC

- b. Decline in oil production, from 2.5 million barrels per day from 2003 to 2016, down to .9 million barrels per day by 2019, to about 500,000 barrels per day in 2020, 2021. U.S. sanctions including parts contribute but also lack of maintenance, destruction of equipment, workers fleeing country.  
U.S. sanctions--Venezuela selling oil to Russia, Iran, China

- c. Highest inflation rate in the world, hyperinflation began in 2015, 181%; growing to close to 1 million per cent by 2018, meaning prices double every 18 days, barter economy, decline in real wage, minimum wage by over ½. Small inflation may not be bad if wages are increasing, better than austerity.

Why inflation? currency speculation, self-perpetuating, high govt spending and little tax collection, reduction of production

Limits of price controls unless they have legitimacy. Also hard with limited supply. Not just sabotage, costs increasing although stores hoarding (holding back goods in expectation of price rises) but black market can't be ended by criminalization.

- d. To gain foreign exchange, growth of extractivism, environmental degradation--gold; also Arco Minero Project, pp.130-131, invitation to foreign capital; more benefits to private capital; increasing violation of indigenous rights, autonomy, worker rights improved substantially 1999-2013.

- e. Increasingly capitalist but still opposed by U.S. and most of Venezuelan elite, old money. Growth of foreign capital--Chinese and other, old and especially new capitalists, and military capitalism.

- f. Collapse of economy, huge emigration, high infant mortality, small food subsidies. VZ govt has stopped publishing stats but my guess is poverty rates are back to pre Chavez, 1990's neoliberalism.

- g. Collapse of health care system; f and g have had particular negative impact on poor women--reproductive labor has grown substantially (to find and pay for necessary goods and services; lack of birth control, unwanted pregnancies, growth of infant and maternal mortality, illegal and dangerous abortions.

- h. Increasing authoritarianism--arresting and harassment of independent left groups and individuals and censorship. Preventing opposition candidates from running even those not closely connected to Washington.

- i. Crime and insecurity have grown, an important issue--Chavez ignored it because right-wing focused on it so much. Need for more than reducing poverty, community involvement for youth especially needed.

- j. Major Protests--growth in 2014--led by students, supported by U.S. (Obama, National Endowment for Democracy (NED), support for overthrowing PSUV, Maduro govt)--however many protesters against shortages, not getting paid their salaries; much more diverse class-wise and racially than 2002 supporters of coup.

Violence by opposition, more than Maduro government in 2014, but also increasing repression by State and supporters of Maduro to any opposition.

k. Role of U.S.

Recognized Juan Guaido, representative of the right, Popular Will Party, and Leopoldo Lopez (head of right-wing). Guaido became head of National Assembly in 2018 and declared President in January, 2019, creation of extreme right wing in Venezuela and U.S. government. Wants to return Venezuela to past. U.S. and many other countries recognize him, maybe 40 -50 countries out of 200, --continually and openly try to foment a coup. Attempts including assassination of MaDURO, use of mercenaries. Military supports Maduro, still has some popular support, 25-30% of population, Chavez legacy, CLAP, food packages.

Also Bolsonaro support for right in Venezuela. Internal U.S. interference in Venezuelan politics, NED, evangelicals, others U.S. government and non profits.

U.S. sanctions of trade, finance, seizing Venezuelan assets have furthered decline of economy of Venezuela although decline precedes sanctions. U.S. has also pressured other countries to impose sanctions on Venezuela.

\*\*1. Supporters of Maduro in U.S. claim U.S. sanctions, and open support of right-wing are the main cause of economic problems of Venezuela. This is an aspect down-played by Gonzales in book. It is real and important. Our role should be oppose sanctions and U.S. interference in Venezuela but does not and should not mean support for Maduro. Definitely contributes to collapse of Chavismo and the Venezuelan proceso but I would argue secondary to major failures and its own mistakes, especially with regards to economy, e.g. with currency.

Your thoughts??

Just like German or Italian fascism or poverty in Honduras and Bangladesh and U.S. do not prove the failure of capitalism, the current situation in VZ does not prove the failure of socialism,

Why?--Venezuela--one country, doesn't prove socialism is flawed; also wasn't really ever socialist.

See quote by Rolando Denis who spent time with our class. pp.132 Gonzales

Summary of problems that existed prior to 2013 and have grown in Venezuela

- 1) Importance to diversify economy,
2. Need for **popular power and popular participation** and a government that is socialist and accountable to an organized population; dangers of a charismatic leader--what happens afterward; is there growing power to the people if power even if well-intentioned is concentrated at the top.
3. Food sovereignty and production sovereignty lacking and needed.
4. Growing socialist economy is necessary-growing public ownership (Maduro) is not sufficient, maybe necessary but not sufficient
5. Competence (red and expert); Personal security, reducing violent crime; and anti-corruption should be socialist issues. All are major weaknesses of Venezuela.

Pink Tide, final points

A. Step forward from fundamentalist neoliberalism of Brazil, prior to Lula, Mexico before AMLO, other countries but only a partial break, and except for in rhetoric not socialist. Step forward as use of revenues from extractivist industries was shared-- reduced poverty--increased equality of income, educational opportunities for poor people, countryside. Slight disagreement with Gonzales.

B. Pink Tide not acceptable to capitalist class even if they benefited--so growing concessions to them-- e.g., taxes, decreasing land reform doesn't satisfy them and decreases popular support for Pink Tide governments.

C. Decreasing ability to meet needs of people so voted out or successful coups, e.g., Paraguay, Brazil, Bolivia with more limited resistance to defeat of Pink Tide than Venezuela in 2002. Also partially explains growth of demagogues like Bolsonaro in Brazil who took advantage of declines in economy as commodity prices of key exports fell, e.g., natural gas, oil, soy.

But right-wing in power, Bolsonaro in Brazil; Añez in Bolivia, Moreno in Ecuador even less able to meet needs, often more corrupt so voted out--return of pink tide--Bolivia, Argentina, probably Ecuador. Cycle of victories and defeats.

D. Pink Tide as positive if it is step towards socialism--need for integration with social movements, nationally; and solidarity globally; and alliances with sympathetic governments and societies, economically, militarily and politically.

Very difficult for Pink Tide led societies because social democratic version in Latin American country is unlikely to be successful because of global capitalism, ironically, socialism may be more possible to work well. For example, socialist society may have less to worry about capital flight and capital strike than a moderate social democratic society.

E. Centrality of Indigenous movements, communities, as part of Pink Tide and struggle to go beyond it. Often, sadly, they have been less supportive, once in power, connected to extractivism, limited commitment. Brazil did support affirmative action for Afro-Brazilians.

F. Limited commitment to women's liberation and LGBTI equality--need to make this more central

F. Brazil, Mexico--more possibilities for successful Pink Tide reforms, social democracy, because bigger, more diversified economies.

G. Electoral strategy can be part of strategy for transformation but needs to support building power from below and to move against capital and capitalist military and police. Need to capture govt and then build a new one. Agree with Mike Gonzales in his book, *Ebb of the Pink Tide*.

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