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President Chavez Wins Reelection

by LADB Staff
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Venezuelans voted in a contest between incumbent President Hugo Chavez and opposition candidate Manuel Rosales on Dec. 3, handing Chavez another six-year term in office by a huge margin of nearly three million votes a lead of 26%. December's contest was the latest in Chavez's long string of electoral victories. He has consistently won strong majorities in election and re-election drives, legislative races, an election to name assembly members to rewrite the Constitution, and an effort to have him recalled from the presidency (see NotiSur, 1998-12-11, 1999-07-30, 2000-08-04 and 2004-08-20), all monitored by international organizations. It also represented a serious consolidation of popularity in the wave of left-wing governments that have gained office or remained in power throughout Latin America.

Chavez 63%, Rosales 37%

The Corte Nacional Electoral (CNE) released figures on Dec. 5 stating that Chavez had won 62.89% of the valid vote, or 7,161,637 votes, with 95.24% of polling stations having been counted. Rosales won 36.85% of the valid vote, 4,196,329 votes. At the time of this publication, the CNE had not released updated figures from the tally. More than 11.5 million Venezuelans voted on Dec. 3, 74.87% of registered voters, according to the CNE. More than 3.8 million eligible voters did not vote, meaning the abstention rate was 25.12%, the lowest since 1988. Voting in Venezuela is voluntary. About 157,000 votes, or 1.35% of the total, were nullified.

Rosales, the governor of Zulia state, the chief petroleum-producing state in the western part of the country, conceded shortly after results showed he could not catch up with Chavez. Rosales will continue to serve his term as governor. Opposition candidates closed ranks around Rosales in August to build a united front against Chavez (see NotiSur, 2006-09-01). The only other prominent figure in the race was comedian Benjamin Rausseo, an opponent of Chavez who remained in the race following the opposition conclave that decided on a united front behind Rosales. Rausseo dropped out in mid-November, however, which he had promised to do if poll numbers showed that he could not win.

Minutes after the CNE announced on the evening of Dec. 3 that Chavez had garnered at least a 23-point lead, the president appeared at the balcony of the presidential palace. Euphoric supporters, ignoring a downpour, burst into the streets, waving flags, shooting off fireworks and chanting pro-Chavez slogans.

"Everything has been completed, the great victory of the Bolivarian revolution," Chavez said as rain soaked him and close aides on the balcony. "It's another great victory: a victory of love, a victory of peace, a victory of hope. It's a victory for all Venezuela. May Venezuela always be victorious."
Electoral observers from the European Union (EU) said in a preliminary report Dec. 5 that they backed the results of the election and that overall the vote was carried out smoothly and securely. However, the EU mission noted a few areas of concern, including a high participation of public employees in Chavez's campaign events, unbalanced coverage in both state and private media, and heavy use of government advertising by Chavez and, to a lesser degree, Rosales.

Monica Frassoni, the Italian head of the EU mission, said the team had received complaints of alleged pressure on public employees to vote for Chavez. She said such pressure would violate electoral laws, but the mission was not able to evaluate those complaints. Reports said the vote was free of violence and generally orderly.

**Chavez vows to expand "revolution"**

"Those who voted for me didn't vote for me. They voted for the socialist plan, to build a profoundly different Venezuela," said Chavez pointing to the landslide in an election marked by the highest turnout in years. Chavez said that the mandate he received would lead him to broaden the socialist revolution he has been conducting for the past eight years. He will also seek constitutional changes to allow him to run again after this term expires in 2012 (see NotiSur, 2006-07-21). Rosales pledged to fight that with a proposal to instead reduce terms to four years.

In state and local elections, Chavez has gained greater power nationwide, and an opposition boycott of parliamentary elections in 2005 handed Chavista parties complete control of the Asamblea Nacional (AN), meaning opposition to Chavez's drive to remove presidential term limits will likely fail (see NotiSur, 2004-11-19 and 2005-12-16). Chavez also has said he plans to deepen oil-funded social programs aimed at reducing poverty. He says he will fully respect private property, though he also pledged to expand agrarian reform and has hinted he might nationalize Venezuela's largest telecommunications company. Chavez's multibillion-dollar social programs provide the poor with subsidized food, free university education, and cash benefits for single mothers, among other aid.

Rosales claims victory in defeat Although the opposition never showed much likelihood of defeating Chavez, its tactics were arguably more strategic than those it has exercised in the past. The united front behind Rosales, eliminating the need for a primary election, reduced internecine fights between opposition candidates. The fractured opposition that included former guerrillas, industrialists, and right-wing radicals managed to solidify, but once they did there were only four months left to gather momentum.

A number of columnists felt Rosales' concession also showed a less inflammatory tone than has been customary for opposition figures, accepting defeat without alleging fraud. Chavez joined their ranks, praising the Rosales camp for accepting his victory. "I want to salute the responsible opposition....It was time they assumed the attitude of true democrats." Rosales said that, although the opposition suffered a setback in the vote, it had won a victory of sorts by uniting forces to challenge Chavez in the future. "This is a political triumph in the middle of an electoral setback," he said. "We are going to continue fighting."
Chavez has enjoyed a period of high economic growth, particularly as the price of oil has stayed above US$50 per barrel and even climbed above US$60 a barrel in November, a huge increase from the US$15 a barrel it was at when Chavez first came to office in 1998. Venezuela has become the fastest-growing economy in Latin America as Chavez boosted government spending 56% in the first eight months of the year, fueling a surge in consumer spending. The economy grew 18% percent in 2004 and 9.3% last year. All this contributed heavily to his strength during the campaign.

Polls consistently showed Chavez way ahead in the months and weeks before the vote, although both candidates were able to mobilize megamarches in Caracas in the days leading up to the election. Recent polls suggest Venezuelans hold a variety of opinions about socialism. An Associated Press-Ipsos poll in November found that 37% favored a socialist economic system, 22% favored capitalism, and 33% preferred a mix of the two; 84% percent opposed adopting a political system similar to that of Cuba, which has become Venezuela's close ally under Chavez.

**Chavez on the US: "another defeat for the devil"**

Referring to US President George W. Bush, Chavez said to a crowd of red-shirted supporters, who listened to him on Dec. 3, "It's another defeat for the devil, who tries to dominate the world. Down with imperialism. We need a new world." Chavez snubbed a US overture for dialogue on Dec. 5, saying he is always willing to talk but doubts Washington sincerely wants to improve relations. He said if the US really wants to take meaningful steps, it would halt the war in Iraq and extradite jailed Cuban militant Luis Posada Carriles who is wanted in Venezuela for a 1976 airliner bombing. "They want dialogue but on the condition that you accept their positions," Chavez said at his first news conference after the vote. "If the US government wants dialogue, Venezuela will always have its door open. But I doubt the US government is sincere."

The comments from Chavez came shortly after US Ambassador William Brownfield congratulated Venezuelans on a peaceful vote and expressed Washington's willingness to seek a less-confictive relationship with Chavez. "The president was re-elected by the decision of the Venezuelan people," Brownfield told Venezuelan broadcaster Union Radio. "We recognize that, and we're ready, willing, and eager to explore and see if we can make progress on bilateral issues." Brownfield said the US and Venezuela share an interest in cooperating on issues including combating drug trafficking, international crime, and terrorism, as well as trade and energy issues. "Venezuela is a partner of the United States, for geographical reasons, for historical reasons," he said. The US remains the number-one buyer of Venezuelan oil, but tensions have often precluded dialogue.

Chavez accuses Washington of backing a 2002 coup against him, while US officials claim to worry about the health of Venezuela's democracy in a government dominated by Chavez and his allies. Luxury tax follows victory After the vote, Venezuela, which is Latin America's largest consumer of Scotch whiskey, raised duty taxes on the spirit and another 200 imported goods the government considers nonessential. The government will add a 15% surcharge on the current duty on goods including razor blades, sailboats, pearls, and toilet paper, according to the official gazette. The government also eased requirements on obtaining dollars to purchase machinery, raw materials, and auto parts.
The decision will probably accelerate inflation, already the highest in Latin America, say economists such as Andreas Faust at Bello Catholic University. The economic expansion in Venezuela, the fastest expansion in three decades, has spurred demand for whisky, which Venezuelans drink in golf clubs and shantytowns alike, and other goods such as Rolex watches and sport cars.

"I don't see why Venezuelans would stop buying whisky just because the government marked up prices 15%," said Faust, an economics professor at the Caracas-based university. He said the measures may push the annual inflation rate to 19% next year from 15.8% in November.

The economy grew 10.2% in the third quarter, the sixth quarter of expansion of at least 10% from a year earlier, and the government expects 7% growth next year. Chavez said in September that a tax on whisky mimics a tax on "oligarchs." Policymakers have voiced concern about the surge in imports of consumer goods, which outpaced that for capital goods such as machinery this year. Sales of imported cars, foods, and consumer electronics have jumped for eight straight months, rising 37% in September from a year ago. Imports of plastics jumped 21%, while those of paper fell 4.3%.

"Our priority is buying goods that would stimulate import substitution," said Manuel Barroso, president of the Comision de Administracion de Divisas (CADIVI) in a Nov. 28 interview. The commission, which is the government agency that sells dollars to citizens and companies, more than doubled authorizations for imports of whiskey to more than US$100 million by the end of November from US$45 million in all of last year, Barroso said.

**Economists on the leftward swing**

Peruvian economist Hernando de Soto calls Chavez and the recent winner of Ecuador's presidential race, Rafael Correa, "anti-market, anti-capitalist" charismatic leaders who are filling a power vacuum and benefiting from the huge unpopularity of Bush's administration with their anti-US government rhetoric. "The mistake, from my point of view, is trying to figure out Chavez. What you've got to figure out is why the market economic model has not worked to include the majority from Mexico down to Tierra del Fuego," he said, arguing that the Washington-driven model of neoliberal economics has alienated the bulk of Latin American voters.

Nobel Prize-winning economist Joseph Stiglitz praised Chavez and Bolivia's President Evo Morales for renegotiating oil and gas contracts with multinationals so the wealth could be more equitably shared, something Correa now promises to do in his oil-rich nation, where three in four people are poor. "Whether they're going to be able to get sustained growth can only be determined by the future," Stiglitz said. "But the previous regimes were such failures that it's hard for them to do much worse." The great challenge for any of these leaders is spurring job growth.

Venezuela's official unemployment rate is nearly 9% just two percentage points lower than in 1998, when Chavez was first elected, despite the booming economy. "There is no great industrial growth, nor great growth in investment," in large part because the private sector fears onerous regulation and nationalization, said Venezuelan economist Luis Vicente Leon.