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Venezuela: Expropriations Cornerstone of Revolución Bolivariana

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Two months before legislative elections that could strip Venezuelan President Hugo Chávez's administration of the absolute majority in the unicameral legislature that is vital for its continued implementation of the changes envisioned in the Revolución Bolivariana, the government has several active fronts and, in each, faces powerful enemies: the large economic groups, which the government has with their backs to the wall with its expropriation policies; the media, which act as mouthpieces for the economic groups and the political right, accusing the government of violating freedom of expression, although few countries allow newspapers and television the freedoms existing in Venezuela; the US government, which through Secretary of State Hillary Clinton emits periodic criticisms of the Venezuelan political process, the most recent dealing with the expropriation of eight oil rigs belonging to Helmerich and Payne; the Catholic Church, with Cardinal Jorge Liberato Urosa Savino, archbishop of Caracas, using language from an earlier era, accusing the president of "leading the country to a Marxist-communist dictatorship."

Chávez responded reminding the prelate that he had supported the short-lived 2002 coup, which failed after Chávez was out of office and detained for two days, and the president described the cardinal using adjectives such as "trogloodyte," "shameful," "liar," and blackmailer" as well as "coup backer" (golpista).

The media's and the political right's discrediting campaigns are not new, nor is the US's fear of the consolidation of a revolutionary process in Venezuela. The confrontation with the Catholic Church is also long-standing, although it intensified in 2002, when Urosa Savino supported the coup and celebrated when he believed that Chávez had been overthrown.

What unifies all the government's enemies—political, corporate, institutional, business—is the government's policy of apparently irreversible changes, with expropriations as one of the central pillars. The risks Chávez runs when he confronts such powerful enemies are impossible to hide. Thus, if he does not want major surprises in the Sept. 26 elections, he will have to pay particular attention to the expropriations process, the issue that unites his opponents. Today it is one of the government's most touted policies, and, despite the criticisms, it has constitutional support that gives it legitimacy.

**Constitution provides for expropriation**

Article 115 of the Venezuela Constitution reads, "The right of property is guaranteed. Every person has the right to the use, enjoyment, usufruct, and disposal of his or her goods. Property shall be subject to such contributions, restrictions, and obligations as may be established by law in the service of the public or general interest. Only for reasons of public benefit or social interest by final judgment, with timely payment of fair compensation, the expropriation of any kind of property may be declared."
Supported by the Constitution and a package of complementary laws, the government began its "recovery plan" in four areas considered strategic for the Revolución Bolivariana: food, construction, oil, and goods and services. Private businesses affected by the plan have few legal loopholes to allow them to protest because, as required by the Constitution, the state has been negotiating with them the "fair compensation" to which they are entitled.

In December 2007, elections were held—the ninth since Chávez took office—to ask society whether it approved of a government-proposed constitutional reform that would give it the tools to further what the president defined as "the road toward socialism."

The opposition campaign focused on arousing fear of "Castro-communism," a tactic similar to that used today by Urosa Savino. In that election, the "no" option won, and the opposition achieved its first victory against the Bolivarian project. The principal tool used in the campaign was creating shortages of essential products (food), including milk.

On March 14, 2008, the government announced the expropriation of Lácteos Los Andes, one of the major producers and distributors of milk and milk products. The government was thus ensured control of 35% of the sector and, as if by magic, milk products immediately reappeared in supermarket refrigerators.

At that time, as in Chile in 1973 in the months before the bloody overthrow of elected President Salvador Allende (1970-1973), shortages occurred of other basic products of the Venezuelan diet—rice, wheat-flour pastas, corn flour, coffee, and fruit. Everything in short supply in Venezuela appeared at border crossings in trucks carrying the contraband food to Colombia.

The story gets better, however. In 2009, food-sector expropriations took a significant leap. The year had just begun when US multinational Cargill's rice-processing plant was nationalized for, according to the government, violating price-regulation production agreements (NotiSur, April 3, 2009). It was the first foreign business to be expropriated.

That was followed, after payment of compensation, by the takeover of 1,500 hectares of land belonging to Irish transnational Smurfit Kappa Group. Those fallow lands, the size of which meant they were not suitable for an agrarian-development project, acquired a symbolic value in the hands of the people, who planted crops.

Another 10,000 ha of lands belonging to various owners were expropriated and distributed by the government to campesinos "for the purpose of planting them to ensure their food sovereignty."

Next came the expropriation of two sugar refineries, and in January 2010 it was the turn of supermarket chain Éxito—owned by the French company Casino—which since 2004 had been sanctioned several times for "hoarding basic foodstuffs" and for "price gouging," said the government communiqué when it made the takeover.

The last large food-sector expropriation occurred in April, and the target was the leading Venezuelan food producer Polar—a symbol, a giant that produces and distributes food and beverages and has been cited repeatedly as providing financial backing for the 2002 coup attempt and subsequent destabilizing campaigns.
Construction sector also hit by expropriations

One of the successes of the Chávez administration's ten years in office has been creating an efficient infrastructure-construction system for schools, hospitals, affordable housing, roads, highways, bridges, subways, and railway systems. The sector was previously almost 100% in private hands. In 2008, Siderúrgica del Orinoco (SIDOR), a former state entity privatized in the 1990s, was renationalized. It is the largest steel producer in the Andean and Caribbean areas and was bought from the Argentine group Techint for US$2 billion, which underscores its significance.

During the year, metallurgy companies Matesi (Italian-Argentine), Tavsa (Mexican), Comsigua (Japanese), and Orinoco Iron and Venprecar (both Venezuelan-British) were also nationalized. Within the same plan to set up a state construction-sector complex, cement companies Lafarge (French) and Holcim (Swiss), providing 50% of Venezuela's cement needs, were nationalized.

In 2010, Mexican firm CEMEX, which was meeting the other half of Venezuela's cement needs, met the same fate. Thus the Corporación Socialista del Cemento was created.

Service sector targeted as well

The expropriations process also includes the service sector. The largest national entities had been privatized during the same period in which SIDOR was bought with Venezuelan and foreign capital. The government has now nationalized US-owned Electricidad de Caracas and electric company Seneca, retaking control of 81% of the sector, and the Compañía Anónima Teléfonos de Venezuela (CANTV), owned by US firm Verizon, which will again give the government a monopoly on landlines and a significant interest in cellular-phone service.

In the oil sector, the Chávez administration nationalized all projects in the Faja del Orinoco (Orinoco Belt), an area with 316 billion barrels in estimated reserves. To accomplish this, the government proposed creating joint ventures, accepted by all affected firms except US-based ExxonMobil and ConocoPhillips, both of which sued the Venezuelan government in international courts but have had two adverse rulings so far (NotiSur, Feb. 29, 2008).

Within the framework of Latin American integration, Chávez made a great strategic play: he is allowing Argentina's oil company Enarsa, Brazil's Petrobras, and Uruguay's Ancap to participate in the exploitation of various Faja del Orinoco fields, thereby gaining a strong consensus in those three countries where, in addition, the governments are enthusiastic defenders of granting Venezuela full membership in the Southern Cone Common Market (MERCOSUR).

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