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Venezuela's New President Nicolás Maduro Faces Tough Challenges Following Narrow Win

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Forty days after the death of Venezuelan President Hugo Chávez, the larger-than-life head of the Revolución Bolivariana who dominated politics in the last 14 years of Venezuelan democracy, voters in the Caribbean country had to return to the ballot boxes to elect a new president for the 2013-2019 term. Everything indicated that the governing party would repeat its success in the Oct. 7 election (NotiSur, Oct. 19, 2012), when, with more than 55% of the vote, Chávez buried the electoral aspirations of Henrique Capriles, who received 44.3%. However, Nicolás Maduro, the Revolución Bolivariana candidate hand-picked by Chávez when he was becoming aware that he would not survive, defeated the opposition leader by only 1.83%.

What would be a sufficient advantage in countries like France, which in the last quarter of the 20th century was essentially split in half politically, or the US, where in 1960 John F. Kennedy defeated Richard Nixon by 0.1% (49.7% to 49.6%), does not seem sufficient in a country where Chávez had led everyone to expect that he would always win handily.

The narrowness of Maduro’s win will cause the Partido Socialista Unido de Venezuela (PSUV) to undertake a process of self-criticism to find reasons to explain the scare it received. And it also led Capriles to return to his violent past, such as when he encouraged the coup against Chávez in 2002. This time, he refused to accept the electoral results and called on supporters to "take to the streets and vent their anger." Seven people died and several PSUV offices were burned when the opposition "vented its anger" in Caracas and other cities.

At first glance, Chavismo knows that at the root of this vote loss are problems such as inflation and insecurity—but not many more—as well as failings of the administration. In one of his last appearances, Chávez warned, "We cannot continue inaugurating factories that are like an island surrounded by a sea of capitalism because the sea will swallow them." He added, "We have to change course."

In addition to those problems, other factors contributed to increasing social discontent. The government alleges that the right worked actively to exacerbate society's negative mood through an elaborate plan to create shortages of essential goods, cause power blackouts, and wage a relentless campaign of unsubstantiated charges against Maduro that, nevertheless, were repeated and spread by the media. That campaign, they say, caused some voters to desert Maduro and led to Capriles' increased numbers.

Close vote a wake-up call for Chavistas
"This result compels us to do an in-depth self-criticism. That poor sectors of the population voted for their historic exploiters is contradictory. While it's true that for months the country has endured a destabilization campaign organized by the right, we are turning over every rock looking for our own mistakes so as to not endanger this marvelous revolutionary process." That assessment comes from not just any Venezuelan but from Diosdado Cabello, president of the Asamblea Nacional (AN)
and PSUV vice president, a former soldier who stood shoulder to shoulder with Chávez in the 1992 failed coup attempt (NotiSur, March 11, 1992) against the neoliberal policies of President Carlos Andrés Pérez (1974-1979) and the leader who, in the 2002 short-lived coup, was able to free Chávez and return him to the presidency.

Cabello is not the only one within the PSUV who understands that Maduro’s much-smaller-than-expected victory is a strong wake-up call. Vice President Jorge Arreaza said, "It is up to us to review and make the necessary corrections," and he called for "revolutionaries to reflect."

What needs to be looked at includes two pressing economic issues that could be very costly politically for Maduro, as they would have been for Chávez or for Capriles if the outcome had been different on April 14.

On Feb. 8, when Chávez was still alive, the government accepted reality and devalued the national currency (NotiSur, April 5, 2013), the bolivar, by 31.7%. The opposition leader had a knee-jerk reaction, calling the monetary correction a "red package" and saying that the action was the beginning of "a succession of desperate measures that will be followed by an increase in the value-added tax [impuesto al valor agregado, IVA] and the elimination of fuel subsidies."

The opposition and its allies created a Web site (lechugaverde.com), which has recently shut down, on which they drove—up and down—the parallel exchange rate that, since the devaluation, has fluctuated between three and four times the official rate, never less. The illegal market accounts for barely 12% of currency activity, but it is a major headache for the government, which, since it cannot control it, sees that it has become the principal price determinant and thus the major cause of inflation.

Further economic changes inevitable

When Capriles spoke of a possible increase in fuel prices and the IVA—the easiest tax to collect, since it is included in the consumer price of every product—he did so knowing, as did the governing party and all political leaders, that such an increase was the next inevitable step, knowing that at some time some president would have to take those measures simply because they are economically inevitable. Venezuela has the lowest IVA in the region (12%) except for Paraguay (10%) and the cheapest gasoline in the world (US$.02 per liter), which is unsustainable and for Chavismo also contains an injustice that goes against the principles of the Revolución Bolivariana.

As early as December 2008, Humberto Márquez, a correspondent for Inter Press Service (IPS), wrote, "The world's most inexpensive gasoline is sold in Venezuela, through a longstanding subsidy program that benefits car owners while depriving the oil industry of a large source of funds for reinvesting." Márquez also said the subsidies absorb resources that otherwise might go to programs to combat poverty.

Four years later, in December 2012, an analyst with the Chinese news agency Xinhua quoted a director of the Venezuelan state oil company Petróleos de Venezuela (PDVSA) as saying, "Fuel is being sold here at prices that cannot be sustained either economically or politically, because PDVSA cannot produce at a loss when it works for the internal market and because poor Venezuelans have no reason to continue subsidizing the luxury of rich Venezuelans."

Since the mid-1990s, the domestic price of fuel has not varied. At US$.02 per liter, to fill the tank of a car costs, on average, about US$1, while in Mexico, for example, it costs about US$96. Some
comparisons give an idea of this huge Venezuelan absurdity. The price of a Coca-Cola or a similar soft drink in a café would pay for 75 liters of gasoline; the cost of a 1.5 liter bottle of water would buy 100 liters of gasoline; and the cost of a cup of coffee at a coffee stand would buy 70 liters of gasoline. To practically give away gasoline, the Venezuelan state and PDVSA maintain a subsidy that, according to all estimates, is close to US$20 billion a year.

The beneficiaries, who consume about 790,000 barrels of oil (159 liters per barrel), are the owners of some 4.5 million private vehicles that clog the streets and raise environmental pollution to humanly unsustainable levels. Eighty percent of gasoline is used by private vehicles, which transport 20% of the population, while the other 80% depend on public transport, which consumes only 20%.

Self-criticism, reflection, correcting errors, "turning over rocks" looking for failings. Such words dominate the deliberations of this Chavismo without Chávez. In many, to the point of seeming to have an air of defeat, although Chavismo won and will govern until 2019—and with a comfortable 95-70 majority in the AN and 20 of 23 state governors. But the election results show cracks within the PSUV, with some 600,000 votes in October 2012 going to the opposition in April.

Chávez had said that it was impossible to move the revolutionary process forward if the community councils were not strengthened and if the economy was not socialized to avoid "the sea [of capitalism] swallowing it."

"Maduro will have to face the challenge of following the path marked by the overpowering personality of Chávez, resolve the economic and security problems, rebuild a movement that shows internal cracks, and discover how to govern a country divided in two equal parts," wrote Argentine analyst Jorge Cicuttin in Revista XXIII.

The PSUV continues in power and will have to have an in-depth internal debate to determine why the victory was so narrow but, above all, to build a new system of government, now without the leader who made the most far-reaching decisions. The opposition will now have to decide how far it will take its refusal to recognize the election results and its automatic rejection of anything that the government proposes. Analysts estimate that it is about to cross a dangerous line but they think there is still time to avoid this outcome.

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