

Strategies of Development: Venezuela under Chávez

by

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To my parents for their endless love and support

To Professor John Kirk for showing me the way

To St. Mary's University for helping me get there

Table of Contents

1. Abstract	Pg. 4
2. Introduction	Pg. 5
3. Chapter 1	Pg. 13
4. Chapter 2	Pg. 38
5. Chapter 3	Pg. 63
6. Conclusion	Pg. 103
7. Appendices	Pg. 111
8. Bibliography	Pg. 115

Abstract

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By Daniel Eugene Patrick Sturby

Abstract: With the 1998 election of Hugo Chávez the Venezuelan people signaled a willingness to change. Over the next 7 years, in exchange for their votes, Chávez gave the populace something that previously had not existed, a chance at a better life. Through the implementation of social programs, the Venezuelan standard of life has risen, but it is not yet ideal. For too long neglected (due to numerous faulty development strategies, including neoliberalism), the country and its people were left in such massive disrepair that it will continue to take time in order to fully heal. Yet, the current progress has shown that it is possible. Looking at Venezuela's history, various development strategies, and current development programs, this dissertation shows that Chávez has been able to implement his new Bolivarian development philosophy and not only improve the lives of his people, but also enhance the appeal of socialism within the region.

April 2, 2007

Introduction

He's destroying the country. Oil prices are higher than ever, but there's more poverty and more crime. Then he flies off to other countries and offers them things that he doesn't offer us. (Sullivan, 2005, p. 2)

He is doing what other governments haven't done. He brought in Cuban doctors Who come to the door of our houses. He brought in neighborhood supermarkets. No Other president has done this. Long live Chávez! (Nieto, 2004, p. 4)

Quotation from a Venezuelan shopkeeper

Quotation from a Venezuelan adult bicycle vendor.

One group does not like the country's current direction, while the other can not imagine it going in any other course. In many ways these polarized views reflect the vested interests, and fears, of the Venezuelan people winning or losing under Hugo Chávez. The 'haves' and the 'have nots' can be found in all countries. These polar opposites often (but not always) represent two completely different sets of ideals, truths, and concerns. The 'haves' usually lose the most from such a significant change in power, whether financially or strategically, while the 'have nots' predominantly gain, not always financially but often socially, and spiritually.¹ With the 'have nots' traditionally (and vastly) outnumbering the 'haves' in Latin America, the political inequality surrounding the two is troublesome, as the 'haves' (for centuries) have largely controlled the political spectrum.² Only recently has a significant modern shift begun supplanting this trend,

¹ Although there are a number of different social and political classifications, this thesis will be written based on the understanding that all can be categorized under two separate broad views, the 'haves' and the 'have nots'. Since there is not a solid definition for either, the broad categories can be used to identify a number of different groups depending on the circumstances. Although not completely accurate, the constants are that the poor are normally the 'have nots' and the rich are the 'haves'. In the Venezuelan case in particular, the 'have nots' are those who cannot afford the cost of living without government subsidies (the poor/very poor), while the haves are everyone else.

² Just as political inequality exists between the two groups, economic inequality also exists (as will be examined in Chapter 2). With 68.7% percent of the population in 2002 (down from 70.8% in 1997) earning less than the calculated national average, and with 38.8% percent of those earning less than 50% of the average, one can see a distinct level of economic inequality (ECLAC, 2004, p. 14). Using these statistics, one could assume that a maximum of 32.3 percent of the population are "haves" and the rest are not. These numbers would be significantly higher if in 2000 Chávez had not increased the salary of Venezuela's 1.3 million public sector workers by 20 percent, and began the practice of continuing to increase workers' salaries by 20-30 percent each subsequent year (Lamrani, 2006, p. 4).

particularly in Venezuela and Bolivia.³

Once silent, the surfacing of the 'have nots' into the political spectrum has created a shift in long-standing political ideologies. By targeting the record number of poor (Venezuela's Instituto Nacional de Estadística lists the percentage of households in poverty in 1998 at 49%), President Hugo Chávez is rewriting Venezuelan politics (Wiesbrot, Sep/Oct 2005, p. 52).⁴ Capitalizing on the public's disenchantment with past governments, Chávez has formed a government based upon a new theoretical framework of political advancement through the promotion of major development initiatives (in particular poverty alleviation) (Gobierno Bolivariano de Venezuela, 2006, p. 1).⁵ Under the guise of populism, Chávez created a Bolivarian alternative utilizing pieces of traditional populist ideals, combined with his own contemporary ideas on social transformation.⁶ Satisfying the majority who elected him (his key supporters, the poor) while earning the enmity of many of the rich, he is taking Venezuela in a radically new direction--a socialist one.⁷

³ Bolivia is a recent example of this trend as "Bolivia is also one of the poorest countries in South America. Whereas wealthy city elites, who are mostly of Spanish ancestry, have traditionally dominated political and economic life, the majority of Bolivians are low-income subsistence farmers, miners, small traders or artisans" (BBC, p. 1).

⁴ Between the years of 1998 when Chávez first came into power, and 2002 (when a political coup against him was attempted), the percent of households in poverty in Venezuela had decreased by almost 10 % (From 49.00% in 1998 to 39.10% in 2001). After 2001, the percentage started to climb because of the economic recession caused by the coup and the oil strike (the number of households in poverty finally peaked in 2003 at 54.00%). The government could not continue to support its poverty alleviation programs, as its methods of financing were severely hindered (after the coup poverty rates started to again descend). As a result "it would not be fair to hold the government accountable for the loss of output due to opposition actions aimed at toppling the government. The oil strike of 2002-2003 caused enormous damage; one might also include the military coup and other destabilizing actions. If not for these efforts, economic growth would have almost certainly been substantially higher and well above the average for the region" (Weisbrot, June 2005, p. 2). Since 2003 it is clear that the country has reverted back to its pre-coup development programs as poverty once again has begun to decrease (as will later be seen).

⁵ The Venezuelan National Institute of Statistics, by using a number of constants such as property rent and income in its calculations, can also assess the severity of poverty.

⁶ Latin American liberator Simón Bolívar is a hero to current president Hugo Chávez. As will be seen in Chapter 1, Bolívar's thoughts are in many ways the foundation of the Bolivarian ideology.

⁷ "A look at the results of the August 2004 referendum, which Chávez won by 59-41 percent, shows one of the most polarized voting patterns in the hemisphere, with poor areas voting overwhelmingly for Chávez

Both loved and loathed, and seen either as an angel or the devil, Chávez has clearly polarized political opinions in Venezuela. Indeed, each move that Chávez has made has not come without cost. Both nationally and internationally, he has earned a reputation as an unconventional leader. To some, and in particular those who support the Washington Consensus,⁸ he has become an enemy of western-styled democracy, while to others his implementation of innovative new ideals has made him a fervent democratic leader, fighting against twenty-first century neo-liberalism. Depending on one's political ideals, Chávez has either turned into a powerful supporter of the traditional impoverished masses, or an influential opponent who sees himself as an enemy of capitalism.

As traditional western-style liberal democracy continues to flourish in some parts of the world, in its current form it is all but dead in contemporary Latin America (in its place a new twenty-first century Latin American democratic model has risen). Due to the failure of previous irresponsible, corrupt, and élite-centred governments throughout the region, a radically new form of politics has arisen, and has set the stage for the current leftist (both moderate and nationalist) revival throughout the region. Nowhere is this more evident than in Venezuela. As Jonah Gindin has noted, the traditional political parties there have now been totally eclipsed:

Since Venezuela's 'democracy' was born in 1958 the political system has been dominated by Acción Democrática (AD-Social-Democratic) and COPEI (Social-Christian)-essentially a two party polyarchy that kept oil-rents circulating in elite circles. But by the 1990s corruption and unpopular structural adjustment

and the richer areas voting overwhelmingly against him" (Weisbrot, Jan 2006, p. 2).

⁸ The Washington Consensus is a set of western-styled rules created by John Williamson to guide Latin American economies along conservative lines. This will be further looked at in Chapter 2.

programs led to a nationwide rejection of traditional politics and opened a space for an alternative political movement (Gindin, 2004, p. 2).

Venezuela's background of traditional corruption and of superficial "democracy" has clearly lost its relevancy in the current political climate. Although some of Chávez's actions are questionable, in part he is able to carry them out due to the lack of a recent responsible government and a lack of a meaningful democratic tradition. By focusing on the need to be responsible to the poor, who make up the vast majority of Venezuela (depending on the source consulted this number can range anywhere from 55% to 75%), the opportunity for a political leader to maintain power for an indefinite period of time has been created. However, unlike all of his predecessors of the past five decades in Venezuela's history, Chávez has in fact already delivered significant benefits to the majority of the population, as this dissertation will illustrate.

The Venezuelan people have not had a truly responsible democratic government for over fifty years. Consequently, what is now being seen is a country that is essentially pursuing a wholly different form of democracy--and that is how it must be treated. To compare it to a well-established liberal democracy would be unjust, and indeed Chávez claims that Venezuela is a different form of democracy. On several occasions he has been elected--using traditional "democratic" practices, and clearly he has done more for his people than any of his predecessors. But Chávez wants to go beyond traditional western liberal democratic practices in order to develop a new form of political discourse, both for Venezuela and Latin America--a process which he calls neo-Bolivarianism.

Since first being elected president of Venezuela, Chávez has worked to develop a radically new Venezuela. Elected on the premise of improving living conditions within

the country--particularly for the poor majority, long overlooked by the political elite-- Chávez has sought to improve the way of life for most of the country's poor. Through sweeping literacy, economic, and health programs, Chávez is attempting to deliver to the people practical benefits which they had never had, and in return they have consistently shown him their support.⁹ Consequently, for the past three national elections he has received an increasing majority of the popular vote and has been able to channel that support into both his domestic development programs and into his neo-Bolivarian ideology.¹⁰ The nature of how this ideological combination is applied in the development strategy of the Chávez government plays a significant part in this dissertation.

Given the radically differing interpretations of the emotion-laden term "democracy" and the vast differences of opinion concerning Hugo Chávez, this thesis will examine how within the Chávez government, development is being used both as a political tool to advance his socialist, neo-Bolivarian beliefs and as a means of significantly improving the lives of the vast majority of Venezuelans. It will analyze the different methods that Chávez is using to promote meaningful social and economic development, and determine whether they are in the best interest of the country.

Within the body of this thesis, there will be three chapters. Following the introduction, Chapter 1 will provide an historical analysis of the development initiatives implemented by past Venezuelan governments. It was the lack of a planned development

⁹ Included among health programs that Chávez has developed are the additions of 3,013 dentist chairs and the additions of "2,493 specialists in dentistry and oral health for free service that used to cost Venezuelans 20,000 Bolivares (about \$10) for a consultation, while dentures could cost between 85, 000 and 150,000 Bolivares (\$40-75). The minimum wage in Venezuela is 321,000 Bolivares per month (about \$160 a month)." As well, through Mission Robinson a national literacy project created by Chávez (which will be looked at more closely in Chapter 3), it was discovered that a large percentage of Venezuelans could not read or indeed see. Consequently a new ophthalmology program has also been created called Misión Milagro (which will be looked at in Chapter 3) (Nieto, 2004, p. 3).

¹⁰ Statistics show that Chávez and his party received most of their support in 1998 from the poorer social classes and the shrinking middle classes (Alvarez, 2006, p. 11).

strategy throughout the past five hundred years (especially in the late 20th century) and the increase of initiatives aimed at protecting the interests of the élite that set the stage for Chávez's successful rise to power. Chapter 2 will look at past and present Venezuelan approaches to development theory (assessing the strategies both of those who advocate a traditional neo-liberal position and those who support Chávez's Bolivarian ideology). The third chapter will examine the specific developmental projects that Chávez is currently implementing. It will primarily examine a number of education, health and poverty alleviation projects that he has already implemented. The conclusion will follow, offering a synthesis of the major points made, and offer some thoughts on the future of Venezuela.

The information used within this thesis comes from a number of sources, but the information used within Chapter 3 comes mainly from the Venezuelan government or sources friendly to the current government. As information detailing the statistics and impact of both the "missions" and "plans" used within that section are largely unavailable (due to the relatively new and constantly changing nature of the topic) it became necessary to obtain the information from these sources, albeit using the utmost discretion to ensure the most reliable results possible.

Hugo Chávez is taking Venezuela in a radically new direction. He is not only ensuring that the entire Venezuelan populace receives essential care, but he is also putting Venezuelan politics on the global map.¹¹ In return for giving the people of Venezuela

¹¹ Venezuela's recent formal entry into MERCOSUR on the 21st on July 2006 is a good example of this. By combining South America's top three economies into a trading block, the international political and economic positions of all member countries are strengthened. Thus, Venezuela will have an increased opportunity to present its political views to the international community. Considering that it now has a combined output of "1 trillion dollars in goods and services annually" Venezuela's entrance into MERCOSUR can only serve to increase its political role in both Latin America and indeed the world (Cormier, 2006, p. 1)

practical benefits, he is receiving what he wants--a chance to change the global dynamic of power for years to come, principally in his own country and, according to many observers, throughout Latin America.¹² An essential key to realize this goal is to provide tangible goals--and significant pragmatic results to the Venezuelan people. It is this development strategy which will be the focus of the dissertation.

¹² U.S. President George W. Bush in his new "national-security strategy identifies Chávez as a threat, a 'demagogue awash in oil money' seeking to 'undermine democracy' and 'destabilize the region' [(Latin America)]" (Grandin, 2006, p. 4). Others--as will be discussed in the dissertation--have a radically different view, welcoming his international solidarity.

Chapter 1: Underdevelopment by Design? Traditional Approaches to Development in Venezuela

“The people of Venezuela, exercising their powers of creation and invoking the protection of God, the historic example of our liberator Simón Bolívar and the heroism and sacrifice of our aboriginal ancestors and the forerunners and founders of a free and sovereign nation; to the supreme end of reshaping ...”
(Gobierno Bolivariano de Venezuela, Embajada de Venezuela en Canadá, 2006, p. 1).

Written in 1999, and highlighting the will of the people, the preamble of Venezuela’s new constitution begins with this historical reference. Leading into the twenty-first century and a period of change, the constitution was to act as a philosophical guide for the new Chávez government. As Richard Gott has noted “it was to take the country in a new direction” (Gott A, 2000, p. 2).¹³ Written with the intention of being all-encompassing, the constitution principally applied to a majority of the population, yet significantly it protected those whom Chávez primarily relied upon--the poor. The reference to the martyred impoverished Venezuelan historical figures (and in particular Bolívar), serves to illustrate this. By reminding Venezuelans of the past mistreatment of the poor, the current government reminds the people (the vast majority of the population, it must be remembered) of what and where they have come from. Just as important is the pointed reminder as to what they presently have gained under neo-Bolivarianism and what they stand to lose under a different regime.¹⁴

¹³ Since November 1998 the Venezuelan populace had already been asked to vote five times when the referendum on the constitution was called. Yet they went again to the polls and by a wide margin voted in favour of amending the constitution--71 percent voted in support and 28 percent voted against (Gott A, 2000, p. 2).

¹⁴ This is a fact that is not lost on the Venezuelan populace, as according to a Datanalisis poll taken on July 6, 2005, 71.8% of Venezuelans approve of the current Chávez administration (Embassy of the Bolivarian Republic of Venezuela in the United Kingdom, 2005, p. 1).

The constitution plays an important role in present-day Venezuela, as do many other historical references.¹⁵ Indeed, most government activities and documents are littered with references to the past, reminding Venezuelans of the centuries of struggle for social justice which their country has witnessed. Clearly for the Chávez government, remembering the past and seeing the continuity provided by his own beliefs are crucially important concepts. Thus, in order to truly understand the country and its current situation, it is vital that one has a solid understanding of Venezuela's past and the strategies of governing employed by previous governments. It is also particularly important to understand the manner in which official government strategies in the past have exacerbated socio-economic difficulties and led to greater inequities. Indeed it can be claimed that the mistreatment and abuse of Venezuela's poor led to the election of President Hugo Chávez, since any attempt at meaningful "development" was virtually non-existent among previous governments. Venezuela's history, and the lack of a development strategy, clearly play an integral part in the ideology and the program of the current Chávez government, and too his political success.

Historical Background

Venezuela was first discovered by Christopher Columbus on his third journey to the "New World". It was named one year later by Italian Amerigo Vespucci whom it reminded of Venice, Italy. Lured by the possibility of vast mineral wealth, many more explorers would soon follow, only to find that the only natural resource that remained was the people; thus began the slave trade and five centuries of impoverishment

¹⁵ The relevance of the constitution is something that has been discussed for almost ten years. It includes a number of fresh initiatives, such as granting new rights to the indigenous, rebuilding the country's judicial system, and implementing a new single chamber National Assembly. In sum, it offers the people and the government a fresh approach to political development (Gott A, 2000, p. 5).

(Rudolph B, 2006, p. 1).¹⁶ Followed closely by the Germans (The House of Welser, a German banking house, arrived not long after the Spanish settled Venezuela), the Spaniards maintained control over Venezuela until they were defeated by Simón Bolívar at the battle of Carabobo in June of 1821 (Rudolph A, 2006, p. 6). Although the Germans did not play a lasting role in the region, their brutal tactics would long make them remembered. Granted temporary ownership of Venezuela by King Charles I, the House of Welser was responsible for countless deaths (República Bolivariana de Venezuela, History, 2006, p. 2). Nicolaus Federmann, a 24--year old German captain, was especially guilty. Convinced that the country held untold riches (the myth of El Dorado had long been established), Federmann and his men left a path of destruction throughout the country during his search. Killing countless Guacari indigenous, he showed little remorse. This was made all the more heinous considering that there is no record of the Indians ever provoking an attack on the white invaders.

Although this abuse happened five hundred years ago, the fact that Hugo Chávez is partly indigenous (on his father's side), that the country now honours past indigenous chiefs rather than Columbus (they now ignore him), and that this information is currently readily available on one of Venezuela's top tourist sites, all demonstrate the importance of this traditional exploitation of the indigenous population in current Venezuelan political culture (Guevara, 2005, p. 14-17).¹⁷ Considering that the information also led to

¹⁶ "Pearls and rumours of precious metals were the initial attraction of Venezuela. By the 1520s, however, the oyster beds between Cumaná and the Isla de Margarita—at the western end of the Península de Paria--had been played out. The next cache of Venezuelan riches to be extracted by the Spanish was its people. Slave-raiding, which began in the Península de Paria and gradually moved inland, helped supply the vast labor needs in Panama and the Caribbean islands, where gold and silver bullion from Mexico and Peru were transshipped. These slave raids engendered intense hatred and resentment among Venezuela's native population, emotion that fueled more than a century of continental low-intensity warfare. Partly as a result of this warfare, the conquest of Venezuela took far longer than the rapid subjugations of Mexico and Peru." (Rudolph, *Discovery and Conquest*, 2006, p. 1)

Chávez's belief that "for a people to exist there should be a common consciousness among the inhabitants of a common history, sharing a common history" and that "the people should drink from a common fountain and, above all, share a common social project" (Guevara, 2005, p. 14-17), it would be difficult to believe that this part of history does not play a major part in his political ideology.

The Spanish colonial model (in the case of Venezuela) did little good before, during, and after Bolívar. Hindering the development process for centuries, it put into place rules and regulations that would prohibit the formation of any meaningful development or development practices. They promoted a policy of underdevelopment by design, forcing the country into the implementation of the encomienda system.¹⁸ Created in May of 1493, the system entrusted or "commanded" the Catholic education of colonial natives (which was seen as essential by the Catholic monarchs in Spain) and their overall welfare to their landlord or encomendero (Scott, 2006, p. 1). In return for these services the encomendero commanded that a "tribute" or payment be paid.¹⁹ Originally meant to be used as a positive method for educating, the lack of any type of enforcement was non-existent. This led to the system being widely abused (the Spanish Crown dictated that all be treated fairly, but had little opportunity to ensure that this was carried out). The Spanish rulers were thus able to fix the rate of tribute independently, and as a result the natives were left as nothing more than indentured slaves from which the encomendero

¹⁷ Chávez became interested from an early age in indigenous culture after reading about it in school. He would later go on to say that he "learned what happened to the indigenous people by studying history, by reading. [...] After reading Frei Bartolomé de las Casas and other history books, I saw what had really happened. They slaughtered us" (Guevara, 2005, p. 14-17).

¹⁸ Significantly, Venezuela used the *encomienda* more than 100 years longer (until the 17th century) than any other colony within the Spanish empire (Hellinger, 1991, p. 16).

¹⁹ Originally the tribute was only supposed be something that the natives were already used to producing (maize, salt, honey, hunted game, etc.) but after a while human services were included, creating hardships and at times even endangering the people (Scott, 2006, p. 2).

profited. This not only led to the establishment of an extremely small group of very wealthy colonizers but also resulted in a belief that money was more important than human life.

Spain did very little to promote development in Venezuela (part of the colony called Gran Colombia). The seventeenth century in Venezuela for example became “one of colonial routine and inaction” (Bernstein, 1964, p. 18). The “Spanish government, society, law, and the Church [continued to take] hold of the colonial structure and mind” (Bernstein 1964: 19), at all times promoting benefits for the “motherland” (Spain), at the expense of any significant development in Venezuela. Within Spain’s colonies Venezuela was particularly neglected. Lima, Mexico City, and Bogotá were all more socially advanced than Caracas, since “it was outside the stream of literary and artistic expression of Spain and Spanish America” (Bernstein, 1964, p. 18). Almost from the outset of its “discovery” Venezuela was completely ignored by Spain--possibly because there was little gold or silver to be mined.

The eighteenth century saw both the rise and the fall of The Caracas Company (Real Compañía Guipuscoana de Caracas). Granted royal (Spanish) approval on September 25, 1728, the Caracas Company began a lucrative trade monopoly within Venezuela that would last until 1784 (Hussey, 1934, p. 60).²⁰ Specializing in a number of different items (most notably cocoa), the company played a significant (and most often negative) role in Venezuela’s economy and society. With little regard for the populace, the company posted high (regulated) prices on its goods forcing the people to pay greatly

²⁰ Although the king did not specifically grant the company a monopoly, he did nothing to stop the one that ensued. Consequently, it was even somewhat encouraged by the company being placed under “royal protection,” as all foreign trade was banned. There was little left that could hinder the progress of the company (Hussey, 1934, p. 91).

(there were also substantial taxes). Although all (both rich and poor) were affected, the poor were affected the greatest as they could no longer afford the goods which were being sold. This led to the widespread popular opposition and resentment of the company. With popular sentiment opposing both the company and its rules, it was not long before dissent turned to defiance and the people began to look for (not always legal) alternatives.²¹ Created with the sole intentional of producing a profit the company paid little attention to the poor, who as a result often went without, or with very little.

During Spain's rule, poverty was not seen as a significant political issue. Deemed almost unworthy of consideration, those who did not have influence and power were simply excluded from most political and social avenues, with prestige arguably playing a bigger role than finances (those without money rarely held any influence).²² It was not until the middle of the twentieth century that the poor began to be increasingly identified and helped. At that time national politics began to adopt to a more democratic style of governance, where all votes became needed as governments were no longer solely formed by and for the rich. Politicians now had to campaign for the vote of the poor. It took some five hundred years for the system to change (including three centuries of Spanish colonial rule). This is a fact that Chávez capitalized on, and continues to exploit.

²¹ "The townsmen in their fury had made special efforts to embark greater amounts illegally than before" (Hussey, 1934, p. 66). As a result smuggling was popular, and local small-scale (but illegal) industry evolved.

²² The exact ratio of rich to poor from this time period (1500-1800) is not known. A good indication of the unequal division between the rich and poor can be assessed from a study of the Law of Burgos dealing with encomenderos. It detailed that any encomendero with 50 or more natives living on his land had to educate (to help teach the others) one "boy in reading and writing and religious doctrine" (Scott, 2006, p. 1). This suggests that it was not unusual for one encomendero to have over 50 natives on his land, leaving the ratio of encomenderos (rich) to natives (poor) at roughly 50+ to 1. This number could change depending on numerous variables but from the information gathered these numbers appear to be sound. In 1801 a rough estimate put the number of people in Venezuela between 700,000 and 800,000 of whom 12,000 were said to be (élite) "European-born Whites" (Bernstein, 1964, p. 26).

Far from fighting just for Venezuela's independence from Spain, Simón Bolívar led the fight to free all of Spanish America. Fighting with the dream of creating one "community of nations and states," he envisioned a fully united Latin America (Gott B, 2000, p. 184). Born in Caracas, Venezuela on July 24, 1783 and nicknamed 'the liberator' and the 'George Washington of Latin America,' he fought the Spanish until they relinquished control of the region. This process took decades. With an army of both national soldiers and foreign mercenaries (mainly British), his victory led to the creation of a number of countries in what is now referred to as Latin America. This included Venezuela, which became an independent federal republic in 1830.

Since Chávez claims to be inspired by Bolívar, and indeed quotes his socio-political thought frequently, it is important to have a rudimentary grasp of the liberator's ideas for an independent Spanish America. Knowing that there needed to be not only political but also social change, Bolívar consistently promoted increased social awareness within Venezuela. Long known for his "aristocratic origins rather than his black heritage," Bolívar was a firm advocate for the abolition of slavery in Venezuela (Gott B, 2000, p. 91). In 1816, when visiting former Haitian president Alexandre Pétion to ask for help with the war, Pétion only agreed to help if Bolívar would promise to liberate Venezuelan slaves (Gott B, 2000, p. 91). Having already freed the slaves on his estate, Bolívar agreed, and rallied many among the Venezuelan slave-owing class to do the same. However, he would not be successful in his struggle to abolish slavery. It would not be until after Bolívar's death in 1854 that slavery would be ended in Venezuela.

Bolívar also supported the mass implementation of social welfare programs, and in particular the need for agrarian reform.²³ This is something that Chávez would later

²³ In 1824 in Cuzco, Peru "he announced a land reform program by which Indian farmers assumed

directly take from Bolívar in the creation of his Bolivarian ideology (in essence a modern-day socialist homage to Bolívar which will be further examined in Chapter 2). Believing that “the perfect form of government is that which guarantees the greatest degree of happiness for its people” (Guevara, 2005, p. 33), he sought to promote significant social improvements for the impoverished masses. Bolívar long dreamed of a program where the government would participate in enhancing people’s quality of life. Sadly, it never materialized while he was alive.

Bolívar’s beliefs that a strong central state was needed to “guarantee the freedom of the weak against the strong” (McCaughan, 2005, p. 44), as well as his view that the executive must be checked by “parliament in consultation with the people” (McCaughan, 2005, p. 44), are perhaps his greatest legacies to modern-day Venezuela. In particular he believed that the weak must be protected, while he also stated clearly his view that politics had a responsibility not only to the rich but also to the weak. This is a concept that neither leaders who came after him, nor those before him (the Spanish) understood, or chose to understand.

After Bolívar’s death, due to infighting, the Latin America and in particular the Venezuela that emerged from the decades of struggle for independence were not what he would have wanted; the continent was not united, and social welfare programs were non-existent. Bolívar had wanted to create a Latin America of countries that were distinct but united under a familiar culture. Sadly, what happened is that people, disillusioned with grandiose visions of post-independent Spanish/America, were disappointed with the

possession of the land they cultivated and all communal land was divided among landless peasants” (McCaughan, 2005, p. 44). Unfortunately, due to infighting and greed, this program never fully reached fruition.

result. Infighting, selfishness, and a lack of understanding of his vision resulted, and clearly his views for Latin-America were cast aside. Although liberty was now (in theory) available to the people, in fact the population was not ready for self-government. In addition, there was no political or economic infrastructure, nor was there any significant leadership to fill the ensuing political vacuum. Indeed the leadership that emerged had little vision. For instance, Venezuela's first president, José Antonio Páez in passing a number of counterproductive laws benefiting the country's financial élite, helped to inspire the creation of Venezuela's first political party, the Liberals. Although occurring before Bolívar's death and advocating social improvements, the formation of the Liberals eventually caused a federal war (in 1864) in which 60,000 (or 5 percent of the population) perished (Hellinger, 1991, p. 26). Consequently, although political independence helped create the Liberal party (allegedly Venezuela's social conscience), the economic and social problems during this time far exceeded any benefits that were created. As a result, the initial phase of life in an independent Latin America was fraught with instability, political infighting, and any attempt to promote development was severely hindered. This was particularly apparent in Venezuela, where a series of political strongmen (caudillos) seized power, seeking to take control of the newly independent republic.

Venezuela after independence was ruled by a number of caudillos until the mid-1930s when a new breed of dictator took over.²⁴ The caudillos, much like the military dictators that followed, ruled with little concern for the impoverished (both groups were very similar leaving the poor to live in relative squalor). As long as it did not in some

²⁴After the end of the colonial system, Venezuela went through an era of government-by-force that lasted more than a century, until the death of Juan Vicente Gómez in 1935.

way benefit themselves, neither was interested in enhancing the overall well-being of the country. However the military dictators, unlike the caudillos, realized that as time passed, governments needed to provide some social benefits or risk being forcibly disposed. This eventually would be a leading factor in the promotion of development within Venezuela.

As a result of the dictatorships of Cipriano Castro Ruiz, Juan Vicente Gómez, Victorino Márquez Bustillos, Juan Bautista Pérez, Juan Vicente Gómez, Eleazar López Contreras, Isaías Medina Angarita, Carlos Delgado Chalbaud, Germán Suárez Flamerich, Marcos Pérez Jiménez and Wolfgang Larrazábal, an initial (albeit unsuccessful) attempt at development was initiated.²⁵ Ruling with a pre-colonial mindset in a post-colonial time, these leaders took advantage of the people. Rather than increasing assistance to them, they operated almost exclusively for their own benefit giving only minute token help. Although it was realized that governments must progress in order to maintain order, the increase in aid to the people was not sufficient enough to bring the necessary change.²⁶ When combined with a populace becoming more and more educated and aware of individual rights and freedoms, this lack of government support helped lead to mass opposition and the dissolution of military dictatorship within Venezuela.

The Pérez Jiménez government was especially brutal. “Politically inept, corrupt even by Venezuelan standards” (Burggraaff, 1972, p. 139), the government showed one of the worse development records in contemporary Latin America. Instead of spending money on social development programs, Jiménez was better known for “concentrating on

²⁵ The government of Rómulo Ernesto Betancourt Bello was not included in this group, as although his first term from 1945-1948 was a result of a coup d'état, his second from 1959-1964 was not. In fact, during his second term he became significantly more responsive to both the populace and the country.

²⁶ An example of token help was the creation of a long-term development investment fund created by president Pérez Jiménez (who will be looked at shortly) during his first year in office. Although created under the right intentions, the fund never came to fruition as its contents simply vanished (Monaldi, Obuchi, Penfold, González, 2006, p. 50).

valueless, showy public works projects” (Burggraaff, 1972, p. 131). Under the Jiménez government, Venezuela’s agriculture sector was also severely neglected, as instead of spending on agricultural development Jiménez spent on the military. Knowing that his power was derived from military support (instead of the constituent assembly or Congress), he chose instead to invest in his own political security rather than in the social development of his country by spending large amounts of money on the military. Indeed, in 1954 he spent 9.4 percent of the total budget on the military, and in 1955 he spent 8.8 percent (Burggraaff, 1972, p. 133-134).²⁷

During his time in office Pérez Jiménez did not merely increase the military’s funding--he revolutionized the entire military. Although an argument can be made that the military can be used for development as well as protection, there is no evidence that at this time Jiménez wanted the military to be used for developmental purposes. In fact, during his administration he made it very clear (as can be verified by his spending) that the military was to be used solely as a physical deterrent:

Through his policy of heavy spending on defense material, the army was given tanks, artillery weapons, automatic rifles, and other matériel in large numbers. The Navy likewise was strengthened. The Venezuelan Navy had not been of great effect since the time of the wars for independence, and at times it had been nonexistent. Pérez Jiménez now developed a fleet of destroyers, added new ships of lesser size, and reconditioned others. The naval build-up increased morale among the sailors and placed service more nearly on par with those of other Latin American countries. The Air Force, too, was modernized and its effectiveness

²⁷ With the oil boom adding millions of dollars to the budget in 1955, the 8.8 percent that was spent in 1955 works out to be more than the 9.4 percent in 1954.

increased by the addition of modern bombers, jet fighters and transport planes.

The National Guard was the recipient of much new equipment, and FAC cadets attended classes in a specialized school (Burggraaff, 1972, p. 132-133).

As a result of these changes, Pérez Jiménez was able to circumvent the will of the Venezuelan populace and survive until he lost (for various reasons) the trust of the military.²⁸ By the time that this occurred (as already noted) popular sentiment was already trying to force political change.

No longer was an authoritarian government seen as viable by the people. With increasing national revenues (primarily from oil), the lack of a more significant increase in social spending created significant questions among the increasingly knowledgeable populace who believed that more money should be spent on enhancing social programs. Considering that since 1979 the value of Venezuela's petroleum exports have increased by roughly 45 billion dollars (see appendix C), it was no longer acceptable to have a decline in real wages and over 800,000 children outside of school as it was during the administration of Pérez Jiménez (Alexander, 1982, p. 63). Consequently, middle groups began to appear calling "for a greater voice in setting national priorities" (Ewell, 1984, p. 9-10). For the better part of the next fifty years, these groups largely comprised of "professional associations" who wanted a greater share of the national income, pushed for change (Ewell, 1984, p. 10). Realizing the minimum requirements for economic development and its national need, they too often grew impatient and prematurely confronted the governments (Ewell, 1984, p. 10). This consequently led to the downfall of numerous middle groups.

²⁸ Pérez Jiménez ruled by force, and as a result once the military did not support him, his rule was essentially doomed. This occurred in 1958.

It was not until the late 1950s, and under mass united pressure, that things really began to change. For the first time the poor joined the middle sectors to pressure for change.²⁹ This was due to the combined failures of current and past military governments in alienating the Venezuelan people. In alienating everyone, these failed governments created a common united bond among the opposition, as Burggraaff has noted:

Venezuela's military rulers had, by 1957, succeeded in alienating almost every sector of society. At one point or another, the unemployed, the campesinos, labour, the business community, professionals and intellectuals, the students, the Church, and the military either moved into outright opposition or remained neutral while the regime struggled to maintain itself in power (p. 139).³⁰

Prior to this, although there was pressure for change, many of the Venezuelan populace were not represented. Rather than being broad and all-encompassing, the pressure was instead centralized (within the middle) and carried little weight within the broad populace. With a larger (numerically) more diverse united opposition, the Venezuelan political process had no choice but to accept change. This would prove a valuable lesson fifty years later in Chávez's first election.

From this period (the 1950s) Chávez (and some of the leaders who came before) learned that the rights of the people must be respected (Marsland, 1976, p. 259).

Although as already noted, previous governments provided token development (feigning concern towards the rights of their fellow citizens), so much more was needed. All that

²⁹ By 1961 the labour force was increasing by an average of 60,000 workers (mostly unskilled) a year, and with job growth not coming close to matching the constant influx, the poor were finally forced into taking action. Capitalizing on this, President Betancourt "establish[ed] a network of industrial and artisanal training schools as part of the regular school system throughout the country" as well as "a number of rural training schools, on the Mexican model, for training in agricultural methods right on the spot (Alexander, 1982, p. 70)."

³⁰ Although the élite had also experienced trouble with the governments, they were largely inactive during this time. The poor and the middle groups were the principal groups that predominantly pressed for change.

these governments ended up doing was reminding the people of the past 400 hundred years of hardship that they had to endure (Marsland, 1976, p. 259).³¹

The 1960-1980 period is sometimes referred to by political scientists as the 'democratic' years in Venezuela, a time when the stage had already been set for an ideological coup. After years of inaction and indifference, most Venezuelan people had already wanted a change. This they now did by electing a government with completely different reform programs than the ones that came before it. The incoming governments vowed to be responsible to the people, and they also committed to ensure the proper use of Venezuela's greatest resource, oil.³²

The first recorded sightings of oil in Venezuela date back to Spanish colonialization. Ignored for years, it was not until the early 20th century (Venezuela's earliest recorded oil sales date back to 1919) that oil started to become Venezuela's key profitable economic resource. In particular, during the Second World War, numerous oil shortages, and the Gulf War, Venezuela was able to profit greatly from its abundant oil supply.³³ Oil was seen as the country's future, and this is where the problems began. Several crises over supply and demand (and the subsequent instability) were often overlooked, leading governments into economic chaos. An understanding of this political instability, and inconsistent world prices for oil, are important considerations when addressing development within Venezuela.

³¹ Although each government worked to provide some services, in this respect they were generally similar to each other. This led to a very limited amount of reform. In the greater scheme of the country all it amounted for was good press for the government.

³² Along with oil Venezuela has a sizeable reserve of natural gas. With over 148 trillion cubic feet (the largest gas reserve in Latin America), gas "may eventually supplant oil as the country's main export" (Morsbach, 2006, p. 2).

³³ During the Gulf War in 1990 Venezuela's oil revenues increased by more than 4 billion dollars over the previous year, as the price of oil went up from \$16.87 to \$20.33 per composite barrel (Baena, 1999, p. 206).

Since oil prices are not set at a constant value, economies which solely survive on oil are at the mercy of international markets. As noted, there were times that Venezuela was indeed able to profit greatly from its sale of oil. Unfortunately, these were nullified by government incompetence during oil slumps. "The need for sound economic thinking was just not there" as Tulchin and Bland have noted (Tulchin, Bland, 1993, p. 43).³⁴ Thus, Venezuelan development was consequently hindered, as instead of development projects being undertaken during slumps, petro dollars (oil income) were most often used to pay off debt. For example, relying almost solely on oil, the country's financial system--and in particular the banks--failed or faced severe financial problems. To take one example, in 1994 the government was forced to spend in excess of ten percent of its GDP to stabilize the economy (Salazar-Carillo, West, 2004, p. 236). If they had not, the country could have slipped into a lengthy recession. Rather than allocating that money towards alleviating the growing poverty rate through social programs, the money was therefore used to save a system that was proving to be ineffective at best, as the economy was failing.³⁵ As a result the public had lost confidence in several regimes that put debt service to financial institutions above the provision of assisting the Venezuelan people.³⁶ Their priorities would be noted and the resulting dissatisfaction would be channeled by

³⁴ "Paradoxically, every oil shock played havoc with the country's expectations and fiscal discipline. Every time oil prices and, therefore, government income increased sharply and unexpectedly, public expenditures increased and new big-ticket projects were initiated. Unfortunately, when oil prices and government income came tumbling down, public expenditures and investment outlays not only did not go down but in some cases were even increased. Expectations, politics and the apparent irreversibility of investment projects proved government spending patterns incapable of following and adapting to the cycles of oil markets. Since 1970 oil revenues rose or fell by an amount that, on average was equivalent to 6 percent of GDP" (Tulchin, Bland, 1993, p. 42).

³⁵ The impact that the money could have had in alleviating poverty during this time can be seen when looking at poverty statistics between 2003 and 2005. When money was allocated towards social programs (which will be looked at in Chapter 3), a noticeable decrease in poverty became evident. In 2003 the poverty rate was over 62%, and in 2005 it was only at 44% (Rosnick, Sandoval, Weisbrot, May 2006, p. 2).

³⁶ The money was used to rescue banks, and very few were unaffected. "More than 19 commercial banks (out of 43) and 10 of 19 mortgage banks were taken over and most were kept open at a cost of \$11 billion" (Fontaine, 1996, p. 4).

Chávez to ensure his political victory.

Indeed, when profits were assessed, it was the poor who had lost confidence in various administrations, as they saw that petro dollars were being misused by leaders who were neglecting the country's "income distribution problems and general inequalities" (Salazar-Carillo, West, 2004, p. 264). Indeed, rather than going to the poor who needed it most, the money was going to the rich. This can be seen in the large increase in poverty towards the end of the 20th century.³⁷ As a result, the early development and strengthening of the Venezuelan economy which could have occurred as a result of the infusion of oil into developing the national economy, led to the country's weakened social structure by showing that it was only the rich who were in fact to profit. Tulchin and Bland note that:

By 1988, the number of households living below the poverty line had increased to approximately 600,000 (a tenfold increase since 1981), the real per capita income was equal to what it had been in 1973, and the infant mortality rate was double the rates in countries like Jamaica and Costa Rica that had just half of Venezuela's per capita income (p. 56-57).

This shows that economic "development" does not always equate into broader social development, and that a proper method of money distribution (both to rich and poor) was vital to a country's stability and growth.³⁸

The overall use of Venezuela's petro dollars has clearly proven to be a national disappointment. Past leaders in the late 20th century indeed had the possibility to

³⁷ By 1997 the poverty rate had reached 60.94% with 55.6% of the country's households living in poverty (Rosnick, Sandoval, Weisbrot, May 2006, p. 2).

³⁸ "According to one recent [(1997)] poll, 90% of Venezuelans believe their country is rich and its major problems can be solved by a more egalitarian distribution of existing wealth" (Fontaine, 1996, p. 6).

influence positively the country's future, but in fact did little more than squander this precious resource (by 1996 Venezuela had yet to pay off its debt - both foreign and local - and inflation was at 103%) (CIA, 1998, p. 6). Throughout the years this is one constant of which all leaders were guilty, but the Caldera government (in particular during his second time in office between 1994 and 1999) was one of the worst offenders. Instead of using the 10 to 16 billion petro dollars that the government would have received each year, his policies resulted in a budget deficit equal to 3.5% of Venezuela's GNP and a consolidated public-sector deficit equal to 15.2% of its GDP (Fontaine, 1996, p. 5). This not only helped lead to the destabilization of the bolívar, but resulted in a tax hike which he implemented instead of decreasing government spending.³⁹ Thus, not only did the poor suffer, but indeed under Caldera all suffered.

In 1998, the year that Chávez was first elected, the maldistribution of national welfare was clear. In fact he inherited an economy where the poorest 10% of the population grossed (earned) and consumed 0.6% of the annual Venezuelan average (UNDP, 2005, p. 2). The richest 10%, on the other hand, accounted for 36.3 percent (UNDP, 2005, p. 2). Thus, financial inequality was exceptionally high, and although the last half of the 20th century saw some improvements (such as a decrease in the tuberculosis rate and an increase in fixed line and mobile telephones),⁴⁰ they were

³⁹ Due to economic mismanagement, "negative capital flows threatened the value of the bolívar as Venezuelans and foreigners alike rushed to purchase dollars for safekeeping abroad. Exchange-rate pressures and a steady expansion in the money supply (which more than doubled in the first 20 months of the Caldera administration) led to an abundance of bolivares chasing relatively scarce dollars" (Fontaine, 1996, p. 4). The Caldera government was forced to suspend currency trading only to re-open under a fixed rate of 170 bolivares to the dollar (Fontaine 1996: 4).

⁴⁰ As of 2004, for every 100,000 people it is estimated that Venezuela had 42 cases of tuberculosis (WHO, 2004, p. 1). Also, as of 2003, 128 Venezuelans per 1000 had access to fixed telephone lines and 322 had access to mobile telephones, up from 75 and 0 (the exact number of mobile users is unknown but it is unlikely that the number would be higher than 1) in 1990 (UNDP, 2006, p. 4).

relatively minor considering the dire state in which previous governments left the economy.⁴¹ Decades of a two-party struggle had led to financial ineptitude and a striking level of social inequality. Unable to escape from decades of neoliberal leadership under the COPEI or the AD, the Venezuelan population had witnessed an increasing maldistribution of national income generated by the lucrative oil industry. They now thought it was time for a significant political change.

A problem associated with Venezuela's two-party political system was that it generated presidents who were hesitant to make major or controversial decisions (this includes both nationally and internationally). This had a major negative impact on the country. A typical example is the case of Jaime Lusinchi, candidate of the Acción Democrática Party, or AD. Coming to power in the second half of the 1980s, Lusinchi became president during a time of great turmoil. He inherited the economic problems of his predecessors, but instead of reforming the current political process, he maintained the political status quo, afraid to confront the problem with the corrections that were needed (Tulchin, Bland, 1993: p. 45). This consequently made any type of significant development very difficult. What most presidents of this period refused to do was to attempt any significant change in direction: tinkering with the system--rather than reconstructing it--was the preferred strategy. However, without fixing the financial problems and addressing the structural inequalities, nothing was going to happen.

With the COPEI and the AD in power from 1959 to 1999, Venezuela had the opportunity to benefit, since they now had a stable political system.⁴² Having progressed

⁴¹ By 1998 only 67% of the population had access to a sewage collection system (36% of the rural population and 72% of the urban population) and 82% had access to a water supply system (46% of the rural population and 88% of the urban population) (UNDP, 2005, p. 82).

⁴² Between 1959 and 1998 COPEI had two presidents for a total of 15 years (Caldera and Campins). The AD ruled for the remainder.

from a time of caudillos and dictators to somewhat of a democracy, the future had looked bright for Venezuela in the 1970s and 1980s. It is only now looking back that one can see that, instead of realizing that great potential, both the COPEI and AD proved to be great disappointments, in particular by misusing Venezuela's coffers. Instead of using the money where it was needed, the money was allocated into either inducing foreign investment or disappeared through corruption. For instance in a report published by the group Human Rights Watch in 1997 it noted that the national prison system had deteriorated so drastically that it needed significant upgrades purely to 'humanize' the prisons (prisoners were forced to provide their own mattresses, clothing, bedding, and occasionally food) (Mariner, 1997, p. 1). They also made reference to a 1994 report from the Venezuelan Public Ministry that warned that the prisons in their present condition "threatened democratic stability". Through this report one can truly see the state of disrepair that the prisons were in all as a result of money mismanagement (Mariner, 1997, p. 1). Also, too often yielding to the minority of Venezuela's rich or outside pressures (IMF and later the Washington Consensus), rather than working to improve the country's internal infrastructure, governments of both parties ignored the needs of the poor majority. By following western styled neo-liberalism as the basis for their economic development strategies, both parties were doing little to help their country. By implementing the economic reforms (which will be assessed in the next chapter along with the relevance of the Washington Consensus and neo-liberal thought), the actions of President Carlos Andrés Pérez (1989 – 1993) resulted in massive dissent within Venezuela. For example as the economic reforms created an increase in the price of

petrol, bus fares within the country rose.⁴³ This had little impact on the rich, but greatly affected the poor (especially from the badly neglected barrios in Caracas) as they had to ride to work every day. Thus, they reacted by rebelling against the government and eventually causing the dismissal of the president in 1993. Not realizing fully the implication that any neo-liberal policy would have on the nation was a critical mistake for the political élite. Both parties during this period believed heavily in western styled neo-liberalism. When the approach (regardless of the party in power) failed, it is easy to see why the people would have become disillusioned to the extent that they would for the first time in Venezuelan history ever elect a leftist leader.

During this time (1970s, 1980s) wages within Venezuela also began to decrease dramatically. Although economic reforms did help to raise wages for a short period of time, their lasting effects were devastating. Peaking in 1980, the average wage of a textile worker decreased (based on a US comparison) by over 6 times (Di John, 2006, p. 40). In 1980 the worker would have received 64 percent of that of a US worker, while in 1995 the worker would only receive 11 percent (Di John, 2006, p. 40). Similar comparisons can also be made when looking at workers in the clothing, footwear, non-electrical machinery, electrical machinery, and transport industries to name only a few. Contrary to the case of Venezuela, workers in Malaysia, South Korea, Chile, and Colombia all saw their salaries increase during the same period. Considering global inflation (and country leadership) at this time, these numbers would tend to indicate a dramatic increase in the country's poverty rate as people would no longer be able to buy daily necessities (Di John, 2006, p. 40). This would be one of the first issues addressed by

⁴³ The price of petrol during this time increased to 25 cents a liter, while bus fares increased by 30% (Beyer, 1989, p. 2).

Chávez after his election (as will be assessed in Chapter 3 when examining the role of the heavily subsidized government food stores or Mercals).

The Importance of Oil

Hugo Chávez Frias was born on the 28th of June 1954 in Sabaneta in the Venezuelan state of Barinas. The son of two schoolteachers, early on in life he decided on a different path than that of his parents and entered the Venezuelan military academy. Graduating in 1975 he would go on to rise to the rank of lieutenant colonel. A trained paratrooper, Chávez's days in the military were numbered by his ambition to reform Venezuelan politics, resulting in the failed February 4, 1992 military coup which he led. Failing to oust current president Carlos Andrés Pérez, the coup was put down and its perpetrators sentenced to jail. The end result was not the one envisioned by the previous government as Chávez, while in prison, became more popular than ever. His support eclipsed that of the government and nowhere did this show more than in the shanty towns overlooking Caracas. When released, Chávez's popularity continued to grow and in 1998 he was first elected president of Venezuela and almost instantly began to revolutionize the country's economy (namely the oil industry and mining), allowing meaningful development to become possible. Indeed, all programs mentioned in Chapter 3 would not have happened if the economy had not changed so dramatically.

As has already been shown, past governments (Caldera in particular) largely failed to exploit adequately Venezuela's oil industry to its full potential. By contrast the current government was left with the task of developing a new comprehensive program that ensures the maximum financial yield for the country and its people guaranteeing the development and continuation of all the reform programs or "missions" assessed in

Chapter 3. One important step has been taken by raising the royalties on “oil revenues from four joint ventures with foreign companies to 16.67%, from 1% previously” (EIA, 2005, p. 8). This is a major change, making foreign investors pay significantly increased royalties—a process which translates into extra revenues to fund social programs. In clamping down on preferential treatment shown to transnational oil companies by previous Venezuelan governments, Chávez has ensured that past mistakes would not be repeated. Having only previously charged 1%, past governments severely shortchanged the country’s economy. This is especially surprising considering that at the current rate (16.67%), it is still extremely profitable for both oil companies and individual countries to deal with Venezuela. As a result of the nearsightedness of past governments, their decision earlier not to increase the royalties has cost the country trillions of dollars (EIA, 2005, p. 8).⁴⁴ As well, by closely following strict OPEC production quotas (which change depending primarily on need) the country has been able to increase its current profit margin by not increasing production due to the current increase in the price of a barrel of composite oil.⁴⁵ By not over-producing, they have been able to increase demand and consequently both the price—and profits for the Venezuelan people.

Venezuela’s oil deposits (heavy crude included) have the opportunity to be either the greatest positive or negative factor in the country’s development. Should they continue to be used for the betterment of the people, the likelihood of Chávez retaining power is great. Conversely if Chávez were to be overthrown and a return to a neo-liberal development model were reinstated, political instability would be likely.⁴⁶ With an

⁴⁴ Venezuela is also currently trying to recoup \$4 billion in taxes from foreign operators (EIA, 2005, p. 8).

⁴⁵ Since 2001 the price of a barrel of composite oil has increased from \$54.3 to \$77.8 in the United States and \$65.0 to 85.3 in Canada (OPEC C, 2005, p. 124).

⁴⁶ There has already been one coup attempt in 2002 and there is no doubt that if conditions for the Venezuelan populace significantly worsen or become unstable, another could be attempted in the future.

estimated reserve totaling over 353 billion barrels of oil (both crude and heavy crude), and a yearly oil income totaling over 30 billion dollars, there is no reason that poverty within Venezuela has to be at such a high extreme (especially when the potential of the mining industry is included) (EIA, 2005, p. 8).⁴⁷

The mining industry, although often overshadowed by the oil industry, also plays a significant role in Venezuela's economy.⁴⁸ Neglected for years, the industry is now beginning to evolve into a viable revenue making resource (as with the increased rules and regulations that Chávez implemented the country stands to greater benefit).⁴⁹ Not only does the government now receive a "surface tax" (between 3% and 4% depending on a mine's contents and the amount mined) and an "exploration tax", but it also receives extended benefits on co-operative mining ventures (including a company's equipment when mining is concluded, and a 30% royalty on hydrocarbon mining, something that never used to happen) (Torres, 2004, p. 1). Thus, calculating mining's exact financial benefits for the country is nearly impossible as there are too many independent variables. That said, it would not be incorrect to assume that the country currently stands to make billions of dollars annually through a responsible development of the mining industry. As a result, when looking at both oil and mining previous governments are to be condemned for the cavalier manner in which they have mismanaged the country's economy, and have ignored the enormous social problems faced by the most needy. Again it must be pointed

⁴⁷ In 2004 the petroleum industry accounted for \$31.9 billion (roughly 80%) of the country's total exports (Torres, 2004, p. 2).

⁴⁸ The industry's role in the upcoming years is slated to increase significantly, as "exports of coal from Venezuela [are] expected to increase to 19 MT [(metric tones)] in 2009 and 27.5 Mt in 2013" (Torres, 2004, p. 6) and natural gas production is to increase from 178 million cubic meters per day (currently) to 326 million cubic meters per day by 2013.

⁴⁹ In 1999 the mining law was established regulating a number of issues for the first time while replacing other that were antiquated (Torres, 2004, p. 1).

out that better financial management of the oil and gas industry could have reduced significantly the poverty level of Venezuela. For the first time in Venezuelan history, under the Chávez government profits from the nation's abundant resources are indeed now being channeled back to help the country's development.

Chávez had to do very little to capitalize on the people's desire for change. After his imprisonment the stage was already set to bring about subsequent change in the country. Decades of traditional neoliberal policies (clearly favoring the wealthy élite at the expense of the poor) had resulted in widespread anger among the populace. All Chávez had to do was to capitalize on this frustration by showing the people that he would be responsible to the entire populace and not just the rich or outside interests. After 50 years of inept government rule by two parties, it was indeed easy to channel popular discontent into support for a radically new approach. A significant different development path was about to be initiated.

Chapter 2: Development Strategies In Venezuela: From Neoliberalism To Bolivarianism

Venezuela's past is littered with accounts of the poor being abused. From colonialism, later through the years of the caudillos and dictators, and into its 'democratic' years of the 20th century, few remained unaffected. This sad state of affairs caused distrust not only in the governments themselves but also in the variety of "development models" employed. As governments tended to adhere closely to the strategies of their predecessors, the development approaches adopted by various leaders often turned out to be just as bad as the previous governments who implemented them.

Since 1998, Chávez has been the president of Venezuela, and has risen quickly to become one of this decade's most controversial global leaders. In emphasizing an original mixture of Bolivarian and socialist ideas, and a radically different development strategy, he has gained both enemies and friends throughout the world. Taking the platform of a traditional populist leader and then both re-inventing it in the image of former Venezuelan nationalist Simón Bolívar and incorporating his own radical views, Chávez is leading Venezuela, and to a lesser extent Latin America, into a period of significant change. This chapter thus seeks to examine the two major influences on the Latin American development model currently playing the biggest roles (both directly and indirectly) in Venezuela since the 1960s, the neo-liberal Washington Consensus and Hugo Chávez's Bolivarian approach.⁵⁰

Following a strict regimen of theoretical western teachings, since the 1970s Venezuela has offered a modern example of a typical Latin American country following

⁵⁰ Chávez's Bolivarian ideology is a unique 21st century Venezuelan political ideology primarily centred around socialism and the thoughts of Simón Bolívar (many other ideologies also play lesser parts). As Chávez's Bolivarian ideology is never constant, its approach to development employs a variety of strategies.

neo-liberal models imposed from abroad. Centring primarily on the advancement of free trade and globalization (both economic and social), this form of neo-liberalism (which as soon will be seen, trusted and relied on multinational corporations ahead of some governments) promoted a particular form of economics above all else as the means to a secure, stable, and profitable end. Significantly, the benefits were mainly for the élite with much of the national wealth (mainly petroleum income) squandered, and little “trickle down” support for the poor. DeLong has explained well the essence of this approach:

Neoliberals hope that multinational corporations, financial analysts, bond-fund managers, and bond raters will in the end be able to apply some constructive pressure to improve the situation: better the discipline of the world market than no discipline on less-than-fully-democratic governments at all (p. 6).

Consequently, an area (such as Latin America) desperately in need of economic aid, was easily influenced by international lending agencies and, as already noted, this dependency upon First World thinking generally brought limited benefits for the majority of the region. This is something that the governments should have been able to forecast, as the results had definitely been seen early on in the impact both the Dependency Theory and Structuralism, two major approaches followed by Latin American governments.

The Dependency Theory first “emerged in the 1950s as an explanation for the underdevelopment of Latin America” (Mendel, 1997, p. 1). Franko notes that “proponents of dependency theory postulated that a country did not thrive or falter simply because of its own national endowments. Rather, progress could be attributed to the power it had to set the rules of the international economic game” (Franko, 2006, p. 53).

Dependency theorist Andre Gunder Frank goes on further to postulate that “underdeveloped countries were not developed countries in the making; rather, industrial countries had caused underdevelopment in other nations in the process of economic expansion” (Franko, 2006, p. 54), and that “underdevelopment was generated by the same historical process that produced economic development: the march of capitalism” (Franko, 2006, p. 53). In essence the Dependency Theory along with Structuralism were the first to suggest that it may not be the individual developing countries that were responsible for their lack of development, but rather the developed ones.

Structuralism (also in the 1950s), on the other hand, differed from the Dependency Theory in that Structuralists determined that “isolation from the international system apparently helped growth at home” (Franko, 2006, p. 54).⁵¹ Citing the lack of a balanced trading system, Structuralists believed that the periphery was doomed to remain connected to the centre unless it adequately developed its own technological sector and no longer relied solely on agriculture for trade (as many countries did and continue to do). Franco explains this phenomenon well:

Given the low income elasticity for agricultural products, as the global economy grows, the relative demand for primary products declines. Instead rewards tend to accrue to those engaged in technological entrepreneurship. Technological sophistication adds value to a good, increasing its market price well beyond the cost of basic inputs. Declining terms of trade for primary products reflected the argument that as the prices of sophisticated goods rose, developing countries would need to export more and more oranges or wheat to pay for the more

⁵¹ Structuralists see greater benefit in localizing a country’s economy. The feeling is that (much like the dependency theory) the international system does not have their best interests in mind.

expensive technological machinery. Without mastering technology, countries had little hope of advancement. (p. 56)

In other words, the growth of the technology sector would outgrow that of agriculture. Structuralists also believe that the economy is shaped by power and politics, and that “economic activity is conditioned by interest-group politics“ (Franko, 2006, p. 55). In essence they believe that “the neoclassical model does not conform to the hard, cold facts of the international economy” (Franko, 2006, p. 55). In the case of Venezuela (before Chávez), structuralists would have argued that the foreign oil sector both shaped and controlled the Venezuelan economy and that it was necessary for Venezuela to develop its own technology and oil industry. The government ended up doing neither, instead preferring to depend on First World entrepreneurs—who in essence exploited the ignorance (and selfishness) of several administrations.

When looking at both the Dependency Theory and Structuralism, the connection to present-day Venezuela is evident as the government has (indirectly) taken steps to ensure that its economy is not currently vulnerable to the pitfalls of either theory. For example, the goal of Misión Ciencia (which will be analyzed in greater detail in Chapter 3) in increasing the country’s technological sector (by promoting the national sharing of information and technology) directly addresses one of Structuralism’s key concerns. Sadly, decades of failed development strategy, and in particular an approach implemented in much of Latin America in the 1970s (Import Substitution Industrialization (ISI)), made this a major challenge.

ISI (Import-Substituting Industrialization) was perhaps the most questionable development strategy implemented at this time. Even though in the beginning it achieved

short-term success stimulating the Venezuelan economy, its end results were catastrophic, eventually causing a sharp drop in that same economy. This was caused by the Venezuelan economy not being able to adapt to the later stages of ISI strategy, and as a result the economy was unable to maintain momentum gained by the easier first stages (Di-John, 2006, p. 29). The country was unable to maintain an ISI economic model based on the “natural-resource-based heavy industrialization that focused on the development of state-owned enterprises in steel, aluminum, petrochemicals and hydro-electric power” (Di-John, 2006, p. 1). In other words ISI in Venezuela failed because the country was unable to improve sufficiently its technological potential. That being said, the effects of ISI can still be felt both in Latin America and Venezuela. It will not be forgotten soon and perhaps that is why the continent is now a little more cautious in adopting foreign development plans, such as the widely debated neo-liberalism.⁵²

Neo-liberalism continued to play a significant role in Latin America at the end of the twentieth century. In Latin America its prescriptions were followed regionally: public enterprises and social services were privatized, government regulations were reduced or removed, as were any barriers to trade. Originating in the 1970s it proposed “open markets, trade expansion, and limited government interference”(Schuyler, p. 3), but it was rarely effective. This dominant global economic ideology of the 1980s was driven by the goal of increased economic growth. Its key premise is that government involvement and regulations of the economy hinder true growth. Instead, the market should be left free to regulate itself through basic laws of supply and demand. The Inter-American Development Bank has commented on the lack of effectiveness of this approach employed throughout Latin America by saying that the:

⁵² Although most of the region did implement neo-liberalism it was not accepted to the extent that ISI was.

wave of reforms in the 1980s and 1990s that aimed to improve the efficiency of markets by opening economies to international competition through lower trade barriers, expanding access to international capital, shifting ownership of assets to the private sector and stabilizing the economy was not entirely effective (p. 20).

In other words the region fared poorly under the economic changes that neo-liberalism tried to implement. Although there are a number of reasons why neo-liberalism may have failed in Latin America at this time, the most likely explanation is that the region was just not ready for it. Countries were not prepared to enhance productivity and develop competitive advantages to the levels needed in order to compete on a global scale. This is particularly true concerning Venezuela.

Having been pressured by a number of outside interests including the International Monetary Fund (IMF), Venezuela's neoliberal experiment was a failure (which lasted until Chávez's election). Advised by such academics as Harvard economist Jeffrey Sachs, Venezuela accepted neoliberalism only to find that it came with a steep price:

In the 1980s, per capita gross domestic product fell by 20 percent or more. By 1988 real wages dropped by one-third, to their 1964 level. Unemployment and underemployment rose steadily, inflation soared and income inequality widened. By 1989, poverty was 150 percent more than in 1980 and continued to engulf Venezuelans in the 1990s (Schuyler, p. 10).

In other words neoliberalism had a major effect on the Venezuelan populace--but for the poor it was even worse since: "structural inequality increased during the neoliberal era and contributed to the decline of public health. Poverty-ridden rural states in southern and

western Venezuela, with high levels of unmet basic needs, showed mortality rates as high as fifty” (Schuyler, p. 14). Little surprise, then, that after assuming power Hugo Chávez made clear his fervent opposition to such approaches.

Globalization is currently one of the most hotly debated issues in the world. Seen by some as a necessity and others as a hindrance, it has played a significant (and largely negative) role in the development of both Latin America and Venezuela. There are a number of different interpretations (depending on one’s stance) of the role of this multifaceted phenomenon. Economist Moises Naim perhaps describes globalization best as a “set of ideas designed to push the world into a specific set of policies” (Naim, p. 2). In other words, under globalization those who have the power to create the ideas, also have the power to influence the world. These countries or institutions are rarely from the developing world but instead from the developed. Consequently, both in Venezuela and Latin America this approach did more harm than good as it opened up the country both to policies (such as free trade) that they were not in a position to handle appropriately, and to institutions (such as the IMF and World Bank) that they did not need.

In implementing such approaches to development, the various governments of Latin America were at times left closer to these international lending institutions and other governments than their own people. By seeking to adapt the foreign strategies and approaches (often the conditions to be met in return for loans) that often required constant foreign supervision, the countries became essentially bound to these institutions. For instance in 1998 the government of Venezuela attempted a number of actions to “preserve financial and macroeconomic stability” (IMF, 1998, p. 1). However, instead of allowing the government a measure of independent leeway, the IMF continuously

monitored the situation. This was to ensure that the program maintained a tight monetary policy and that the country's structural reform deepened (IMF, 1998, p. 1). Sadly, while the bankers remained happy with the government's commitment to meet interest payments, it was the impoverished majority who paid the price for this strategy.

This was the original crux of Venezuela's late twentieth century ideological problems in promoting any meaningful form of development. Losing touch with the public and implementing some questionable policies suggested by international funding agencies, Venezuela's political structure was left shaken as inflation and public distrust ran rampant. The policies originally meant to reshape Venezuela positively only worked to further de-stabilize a country already in desperate need of change. A prime example of this was the international attempt (primarily by the World Trade Organization) to have Venezuela diversify its economy, creating an equal balance between oil and other exports instead of allowing the Venezuelan government to pursue its own trade strategy centred around its massive oil supply. The WTO's "encouragement" to Venezuela to pursue a more balanced trade strategy created unnecessary hardship for the country as it spread thinly the country's limited resources (WTO, 1996, p. 2).⁵³ Advocating fiscal responsibility ahead of social responsibility, the organization called for something that at the time was not entirely practical, as it is difficult to expand and diversify one's economy at a time when most of the populace lived in poverty.

By not being able to adapt to such policies (due to political and social differences, the country was just not ready for such drastic changes) the country was thrown further

⁵³ Citing "highly variable oil revenues" as the reason for encouraging Venezuela to diversify, it would have been more rational at the time to have developed increasingly efficient programs surrounding the country's oil, because in essence its oil revenues were paying for the development of the economy instead of the development of the people.

into disrepair. As a result, the Venezuelan economy lost billions of dollars, and millions of lives were negatively affected.⁵⁴ Thus, by the end of the twentieth century national development slowed to a standstill (as noted in Chapter 1) and the country struggled to find an innovative and responsive political ideology until 1998 when Hugo Chávez came to power and a dramatically different approach was implemented.

The principal alternative to the approach of the Chávez government and his unique development model are ideas espoused in a position considered to be that of the “Washington Consensus”. For many years its tenets were promoted as the development paradigm for the developing world to follow. The Washington Consensus first came into existence in 1989 when the economist John Williamson offered ten western-based policy initiatives or guides that “most people in Washington believed Latin America (not all countries) ought to be undertaking as of 1989” (Williamson, 2002, p. 1). Not originally meant to focus on the development process (although it did, and continues to do so), but rather on the economics of Latin American countries, Williamson's ten initiatives were written in a politically derived manner to guide these countries into an economically stable future. These initiatives, as quoted from Williamson, were seen by him to be necessary for Latin America to develop its true potential. It was suggested that, if Venezuela were to realize its socio-economic goals, it would need to adhere to this strategy. The positions advocated were:

1. **Fiscal Discipline.** This was in the context of a region where almost all the countries had run large deficits that led to balance of payments crises and high inflation that hit mainly the poor because the rich could park their money abroad.

⁵⁴ A key statistic is that “the infant mortality and child mortality rates rose in the 1990s, reaching 22 and 25, respectively, per thousand live births” (Schuyler, p. 14). This compares to the 2004 number of 16.

2. Recording Public Expenditure Priorities. This suggested switching expenditure in a pro-poor way, from things like indiscriminate subsidies to basic health and education.
3. Tax reform. Constructing a tax system that would combine a broad tax base with moderate marginal tax rates.
4. Liberalizing Interest Rates. In retrospect [this should have been] formulated in a broader way as financial liberalization, and stressed that views differed on how fast it should be achieved.
5. A Competitive Exchange Rate. [It was wishful thinking to assert] that there was a consensus in favour of ensuring that the exchange rate would be competitive, which implies an intermediate regime; in fact Washington was already beginning to subscribe to the two-corner doctrine.
6. Trade Liberalization. [It was stated] that there was a difference of view about how fast trade should be liberalized.
7. Liberalization of Inward Foreign Direct Investment. Comprehensive capital account liberalization [was specifically not included], because they did not command a consensus in Washington.
8. Privatization. This was the one area in which what originated as a neoliberal idea had one broad acceptance. We have since been made very conscious that it matters a lot how privatization is done: it can be a highly corrupt process that transfers assets to a privileged élite for a fraction of their true value, but the evidence that it brings benefits when done properly.
9. Deregulation. This focused specifically on easing barriers to entry and exit, not on abolishing regulations designed for safety or environmental reasons.
10. Property Rights. This was primarily about providing the informal sector the ability to gain property rights at acceptable cost (all quoted from Williamson, 2002, p. 1-2).

In other words, the position advocated by Williamson called for a massive restructuring of traditional Latin American economies (including the strict imposition of various rules and guidelines). This is significant because, in order to implement this idea, it would require that the countries submit significant control of their economies to a third party (be

it an individual country or bank).

Created as a method of regulating Latin American economies, the Washington Consensus instead deviated from its original path, Williamson's approach, and opted to pursue a two-pronged liberal capitalist approach. Not originally written to showcase neoliberalism, it was not long after its introduction that it started to be construed in a vastly different manner than what Williamson had intended. Indeed Wilkinson soon expressed his regret over the way that some of his original positions had been changed, particularly when considering the theory of competitive exchange rates. The original format, in sum, of the Washington Consensus is rarely used.⁵⁵ Once only meant to act as an economic guide for Latin America, it became a quasi (and apparently ever-changing) neoliberal manifesto for Latin America whose focus followed the Latin American development paths laid by both the IMF and the World Bank. Venezuela under Chávez clearly offered a radically different approach--yet the Washington Consensus was the development approach promoted consistently by the powerful lending institutions.

Of particular importance--until the arrival of Chávez--was the World Bank. Conceived in 1944, the World Bank has long worked to develop an international means of poverty alleviation. Originally formed to be an international "facilitator of post-war [(World War II)] reconstruction and development" (World Bank B, 2006, p. 1), its change of focus towards poverty alleviation (although it still practices reconstruction when needed), was based primarily on international need. By distributing millions of dollars in worldwide aid to impoverished countries, its goal was to help to lower global poverty. In following its mandate, it is indeed making a difference--but not always the

⁵⁵ There is not a solid definition of the Consensus. As is the case with the Chávez's Bolivarian ideology, it is a work in progress since it adopts what is needed in order to strengthen its influence.

one that was expected, as throughout the years it has also become increasingly politicized. It is now a development organization solidly promoting neo-liberal goals.⁵⁶

Operating from its home office in the United States, the World Bank (although attempting to remain international) has adopted many of the views and practices of its neo-liberal home country.⁵⁷ Indeed, not only does the organization now follow many of the economic views trumpeted by the United States, but it also has incorporated many of their social views as well, primarily as seen in their analytic and advisory services. In promoting consistently increased international globalization (which has already been discussed), the World Bank attempts to pursue individual national “knowledge revolutions” based on a traditional neo-liberal model. Thus, essentially it imposes its own approaches to development in return for economic aid. Rather than providing services based on a country’s current political, economic, and social status, the World Bank offers its own neo-liberal alternatives (for a number of years this approach was employed loyally by various Venezuelan governments).

Working in Venezuela prior to December of 1998, the World Bank had been very proactive in the country’s development. For example, since its inception the organization has been involved in over forty projects dealing with everything from telecommunications to highway repair. Spending billions of dollars, its programs targeted everything from education and agriculture, to industry and housing. In its last ten programs alone the World Bank spent in excess of \$202 million dollars (World Bank D,

⁵⁶ Not originally conceived as neo-liberal, its transformation occurred over the years as it yielded primarily to the pressure of the United States. Having the most shares, the United States is in charge of nominating the organization’s president (which according to World Bank “tradition” has to come from the nominating country). In addition, as one of the five largest shareholders it also appoints an executive director (World Bank C, 2006, p. 1).

⁵⁷ The World Bank has attempted to showcase its international structure by every third year having its annual meeting in a “different member country” (World Bank A, 2006, p. 1). The rest of the time the meeting is held in Washington, D.C.

2006, p. 1).⁵⁸ Targeting the entire populace, the programs were intended for all, which was probably the bank's biggest mistake. Much more needed were programs specifically created for the poor, an error that shows a lack of insight on the part of the World Bank. Projects such as these would have not only helped the poor but also arguably could have influenced the political shift that was about to occur. In sum, during this time the World Bank was responsible for a large portion (if not most) of any pre-Chávez development work that happened in Venezuela.

Combining to help implement programs ranging from healthcare to anti-corruption, the World Bank, working together with various NGOs, also sought to install its own development-related programs. For example, in 1997 the World Bank and a number of local NGOs created a pilot program to look at "the merits of institutional reform" (World Bank, 2000, p. 1).⁵⁹ Using the city of Campo Elías, the program not only looked at the city's quality of life but perhaps more importantly at the corruption that surrounded it. For long seen as a significant problem in not only Campo Elías but all of Venezuela, the program (by addressing individual issues such as political commitment and public perception) was able to determine that one of the biggest problems causing corruption was the lack of government transparency. In essence the program discovered that the people did not trust the government because they were being too secretive:

"Citizens often believed that bribes were the most effective way to get services" (World Bank, 2000, p. 1). The final evaluation of this program, though, will never be known, as

⁵⁸ As of February 14, 2007 there were only two active World Bank projects being undertaken in Venezuela. They are the Ozone Layer Protection Project, and a Biodiversity Conservation project (World Bank D, 2006, p. 1). This compares to the pre-Chávez period when there were upwards of forty.

⁵⁹ Although the final portion of the program finished in August of 1999, the program itself remained, indicative of the World Bank's participation in Venezuela prior to Chávez's election (World Bank, 2000, p. 1).

at its completion the Venezuelan populace elected Hugo Chávez and essentially forced (due to political differences) the World Bank out of Venezuela (clearly the World Bank would have never exercised the same influence on a socialist leader).

After the election of Hugo Chávez, and recognizing his differing ideological views, the World Bank was soon concerned by his socialist beliefs and the nature of the sweeping changes he sought for Venezuela. This political shift to the left hindered the World Bank's work in Venezuela, as it forced it to seek to adapt to the new Bolivarian development approach—something that it has yet been unable to do. Consequently the World Bank has lost touch with the current administration, a fact which it has tried to rectify, albeit unsuccessfully. In the 2002 CAS (Country Assistance Strategy) put out by the World Bank, the document noted as a top priority a “re-engagement with Venezuela” (World Bank, 2002, p. 2). This in itself is positive, but the World Bank's political priorities, which are later revealed in the same report, directly lead one to question some of its development motives:

The WBG [(World Bank Group)] will search for and seize opportunities to foster consensus building interventions in the four areas of reform that are the most critical for poverty reduction: macroeconomic stability, sustainable economic diversification and competitiveness, environmentally and socially sustainable development, and good governance (World Bank, 2002, p. 2).

Thus, it planned to adopt a proactive stance and “seize” opportunities that might lead to poverty reduction, even considering consensus-building interventions to promote good governance, which in this case meant pursuing neo-liberal strategy. Instead of adapting to cooperate with Venezuela's new Bolivarian government, this shows that the World Bank

preferred instead to change it.

The 2002 CAS also noted that the differences between the Caldera and the Chávez governments were so sizeable that the CAS which was created for Caldera, would no longer be relevant for Chávez (World Bank, 2002, p. 1). Seeing Chávez's election as being representative of a "national mandate to break with past policies" (World Bank, 2002, p. 1) the World Bank determined that its past relationship with Venezuela would no longer be viable under the Chávez government. Consequently, the bank's influence in the country has been greatly diminished.

The IMF, on the other hand, has maintained a strong interest in Venezuela since Chávez's election (a feeling which Venezuela does not reciprocate).⁶⁰ Although frequently mentioned in IMF documents, it is rare that Venezuela directly participates in current debate with the IMF as its political ideology directly contradicts many of the IMF's key neo-liberal fundamentals (such as its emphasis on free trade, much like the World Bank). However, prior to Chávez's election, the IMF was welcomed and heavily involved in Venezuela--but not always in a positive manner.

Prior to Chávez's election into office, the IMF supervised a number of programs influencing the Venezuelan economy (as already seen in Chapter 1).⁶¹ These programs not only had a major impact on the Venezuelan populace but also heavily affected Chávez's future relationship with the organization. Thus, the years between 1989 and

⁶⁰ Originally founded in 1944, the IMF was "established to promote international monetary cooperation, exchange stability and orderly exchange arrangements; to foster economic growth and high levels of employment; and to provide temporary financial assistance to countries to help ease balance of payments adjustment" (IMF, 2006, p. 1), in particular as a result of stringent restrictions (policies) on borrowing.

⁶¹ The IMF was active in almost all facets within the Venezuelan economy working with everything from exchange rates to the many functions of the Venezuelan Central Bank. There were few economic variables that the organization had no influence over. Its influence over the government's economic programs was especially damaging as the IMF was the one that controlled the government's stand-by credit. If the IMF during this time did not approve of the government's economic programs, then no stand-by credit would have been granted.

1996 represent the defining period in the relationship between the current Venezuelan government and the IMF (Larrañaga, 2004, p. 3). Having imposed a constant stream of fiscal adjustment programs on the country during those years, the IMF limited the possibility of new development programs. For instance money was diverted away from programs such as healthcare (to be assessed in Chapter 3) and placed into supporting big business initiatives. This consequently did not sit well with the people who were frustrated with the actions of the IMF. As a result, when he was elected president, Hugo Chávez promised “not to kneel before” the organization when confronted with advice from that body (Larrañaga, 2004, p. 3).

Indeed, instead of working to remedy the country’s internal problems, the IMF’s interests were fixed on Venezuela’s fiscal development. It was believed that only through strengthening the economic base (on terms recommended by the IMF) that the country could improve. As might be expected, the IMF perception at times tended to destabilize the country, insisting as it did on neoliberal reforms. For example, while attempting to guide the Pérez government, the IMF advocated the imposition of economic restrictions which forced the government into introducing sweeping social and economic reforms.⁶² These reforms, as noted earlier led to bus riots (see Chapter 1), public condemnation, and eventually a media campaign blaming the IMF. This resulted in “press reports, taking a view that the government did not discourage, [that] widely blamed the IMF for ‘imposing’ or ‘dictating’ the measures that led to the violence” (Boughton, 2001, p. 517). In sum, the IMF’s attempted implementation of neo-liberal economic reforms within

⁶² The IMF was heavily involved in Venezuela during Pérez’s tenure. For example in 1996 they approved stand-by credit (a loan) in the amount of \$1.5 billion US dollars (IMF, 1996, p. 1). This was all as a result of the actions taken by the government in following IMF suggestions and lessening economic restrictions: “in 1995, exchange controls were relaxed and a parallel market for foreign exchange was legalized” (IMF, 1996, p. 1).

Venezuela was a disaster. The World Bank, although achieving some early success, fared little better in influencing “good governance” (an approach which, for them, did not necessarily include the government of Hugo Chávez). For example, by not clearly understanding the changed political landscape of the region, the World Bank incorrectly diagnosed its problems, a process which in turn directly hindered its ability to exact any meaningful influence.

Along with lessons learned from the approach of the IMF and the World Bank to Venezuela, it is also important to look at the traditional understanding of neo-liberalism within Latin America, a strategy which has been so influential since the 1950s. This contentious development approach has been responsible for, among other things, “the dismantling of protectionist tariff and trade barriers established during the import substitution period when governments sought to substitute expensive manufactured imports with domestic industrial goods” (Liverman and Vilas, 2006, p. 2). It has also led to the “signing of regional and hemispheric free trade agreements” (Liverman and Vilas, 2006, p. 2). Thus, it opened up the region to outside manufactured goods and brought globalization into an area that perhaps was not yet ready for it. There was some early success, mainly because the necessary economic checks and balances were not yet in place—but in the ultimate analysis it has been a failure.

Neo-liberalism’s foundation in Venezuela, as previously noted was based on the political shift that occurred in the middle of the 20th century. Far from being the only country in Latin America that was affected, Venezuela, along with Argentina, and several other countries in the region, have had to face up to the negative impact of neoliberalism. The case study of Argentina is particularly illustrative. In fact “the recent crisis in

Argentina, one of the first major economic crises of the new millennium, has been dubbed a crises of neoliberalism” (Teubal, 2004, p. 173). Originally implemented in the 1990s, the neoliberal model in Argentina, much like the one implemented earlier in Venezuela, failed badly. Designed (for the Argentine context) to open up the country’s economy (both nationally and internationally), its broader ramifications were not considered. As a result of following a neoliberal prescription, economic crisis followed. Not only did foreign debt substantially increase to over \$115 billion U.S. dollars, but poverty among the masses increased dramatically:

unemployment reached 25 percent, and if underemployment is considered this implies that over 50 percent of the population was in some way unemployed. Poverty escalated to over 50 percent of the population, 10 million of who were extremely poor, that is persons living below the indigence line. Devaluation also caused wages to fall drastically (Teubal, 2004, p. 186).

Basic socio-economic conditions also deteriorated rapidly:

Argentine society was substantially transformed in comparison with what it was 20 years before. Income distribution worsened tremendously, access to food, employment, health, housing and security have been trampled upon, as a consequence of the chaos created by what could be termed a system of ‘legal’ but not necessarily ‘legitimate’ macroeconomic looting, in the wake of the so-called process of financial valorization [(free trade)]. A system that had given priority to large economic groups and conglomerates [(both national and international)] thus led to the wholesale transfer of income and wealth to theses interests (Teubal, 2004, p. 186-187).

In essence, much like Venezuela, the crux of the Argentine problem resulting from the

introduction of a neo-liberal approach was the implementation of far-reaching economic reforms that affected the entire society, but had a disproportionately negative impact on the poor. In theory, free trade was supposed to help positively both the Venezuelan and Argentine economies to generate income and create “trickle down” developmental effects that would in theory benefit all.⁶³ Sadly, it did not. Instead, it had the reverse effect, instead creating a two-tiered system in which the poor were clearly not a priority for the governments of the day. With the élite profiting and the poor continuing to live in squalor, there is little wonder as to why this ideology no longer is applied – in Argentina or in Venezuela.⁶⁴

With a past neoliberal history, Venezuela’s shift to a development model best described as Bolivarian socialism and its application by Chávez signified a massive national ideological change, and the promise of a radically different strategy. The importance of the radically new neo-Bolivarian development model is far-reaching indeed since the ideological shift espoused by Chávez directly contradicted the approach of the Washington Consensus. Indeed a valuable alternative to the Consensus has been created, casting doubts on its ability to deal affectively with development. Williamson himself believes that the Consensus cannot “provide an effective framework for combating poverty” (Williamson, 2000, p. 256). This is because it does not consider properly many of the necessary variables needed for poverty alleviation. It is evident that,

⁶³ The “trickle down effect” (first coined by Ronald Reagan) suggests that money spent or saved by the rich would eventually trickle down and create economic advantages for the poor. Within Venezuela it has been argued that as of late the country which once used “trickle down” economics is now using “trickle up” economics (Martí, 2004, p. 1).

⁶⁴ Venezuela’s current claim of being home to two of the richest people in the world including media magnate Gustavo Cisneros further complicates Venezuela’s poverty situation. Within the last century he has amassed a fortune totalling more than 2 billion dollars, while the polarity between the extremely wealthy Venezuelan élite and the poor majority has continued to increase.

although the original Washington Consensus was not written with the intent of being used as a development tool, it now clearly is one that neo-liberal supporters want to use as a means to 'develop Latin America.' However, until the Consensus adopts a concise poverty-alleviation program, it will be difficult to regard it as an alternative to any development strategy that is currently in place within Venezuela and Latin America.

In the 1990's, amid mass disapproval with the government of the day, the Venezuelan populace opted for an alternative political movement, breaking a decades-long political monopoly that began with the second presidency of Rómulo Ernesto Betancourt Bello in 1959. Consequently, the man who had been arrested in 1992 for plotting a coup against the president of the time was subsequently elected, and then re-elected, as president of Venezuela. Thus 1998 marked the beginning of a new political generation in Venezuela--the beginning of Chávez as a key political figure and the end of the traditional political parties that had ruled for the last 50 years. The people, mainly the poor, were willing to vote socialist rather than continue with the status quo. As a result, they started to receive the results of significant social reform programs that for so long had been neglected. These had been promised by Chávez in his political campaign for the presidency, centring mainly around healthcare and education (as will be discussed in more detail in Chapter 3). Only eight years after the change in political power, a person would be hard pressed to find any remnants of the influence of the traditional political parties that had shared rule for the past 50 years.⁶⁵ Likewise there is virtually nothing in

⁶⁵ The Acción Democrática won only 29 seats and COPEI just 5 in the 2000 parliamentary elections. In comparison Chávez's party (MVR) won 76 and their allies the MAS (Movimiento al Socialismo) won 21 (Base de Datos Políticos de las Américas 2006: 1). There are many reasons for the decline of these parties. For instance: "In COPEI, the structure of the party was in the hands of a man - Rafael Caldera [(former president)] who wouldn't allow anyone to be a candidate for the presidency except himself" (Gott B, 2000, p. 58).

the development program of Chávez which resembles that employed in the earlier period of neo-liberal influence. It is as if the people had decided that the old style of politics (and the former approach to development) were no longer pertinent. Or perhaps, it just had something to do with the attractive policies of the current government and a belief in Chávez, a very different type of politician. Whatever the explanation, the political process within Venezuela had changed radically, and the country--now embarking on a radical new and innovative development path--would never be the same.

Chávez's Bolivarian approach to development is extremely different from that promoted by the Washington Consensus, and his primary target is the poor of Venezuela. Yet, there is much debate about the essence of the Bolivarian philosophy implemented by the government in Venezuela since 1998. Navarrette has summarized well its goals:

The point about 'Chavez's socialism' is that he does not seek to define it himself. He is a pragmatist working towards a definition of socialism that will be made by the people themselves as a result of their own experiences, and perhaps later put into a form of words by intellectuals. In other words, he is starting from practice and not from theory. The project is extremely open-ended, and certainly fulfils the statement by Simón Rodríguez that 'Latin America must be original'. This is the fundamental belief of Chavez (p. 2).

In other words, it is significant because the Chávez approach to development is something completely new that is being strictly tailored for present-day Venezuela. It also does not completely dismiss any ideology; instead it uses a mixture of ideas, approaches and alliances to solidify its socialist base (thus it does not have a singular definition). For example the current actions of both friends (Cuba, Bolivia, Nicaragua)

and enemies (United States) are consistently used to rationalize decisions that are made, and the relationship with those countries is clearly important.

Although Chávez's Bolivarian philosophy has multiple meanings, there are a number of constants (three in particular) that form a cohesive base on which to ground his development strategy. The first is the philosophy's historical foundation. Originally named after Simón Bolívar, it attempts to right past wrongs, and in particular to channel profits from the nation's resources to those sectors of the population (significantly, the majority), who have traditionally been ignored. This can be seen when looking at the government's "missions" or social reform packages (to be examined in detail in Chapter 3). Not only do the missions seek to help the "poor", but they also further differentiate their goals into helping the indigenous poor (Mission Guaicaipuro), the environment, wildlife, and street children (just to name a few). Essentially they seek to support those sectors affected by past abuse and neglect. To right these wrongs, the Chávez approach to development is based upon the need to create a government responsible to, and responsive to, the people, in essence pursuing a development approach that will listen to the people. It is also based upon the need to develop the country—not just the abundant natural resources—mainly petroleum—but also the human resources.

The second constant is the philosophy's socialist base, as previously mentioned. Although not always evident (at times it has been conveniently placed in the background) socialism is a major component of Chávez's development strategy in Venezuela. Significantly since his most recent election, Hugo Chávez has been increasingly forthcoming and open about his socialist aims. Indeed, having referred numerous times to the socialist nature of the Bolivarian revolution, and having just been re-elected for the

third time (significantly on a clear socialist platform) Chávez is taking the opportunity to move Venezuela closer to complete socialism saying that “we’re heading towards socialism, and nothing and no-one can prevent it” (BBC, January 9, 2007, p. 2).⁶⁶

The third constant element in Chávez’s Bolivarian approach to development is its broad responsibility to the Venezuelan populace. In circumventing traditional Venezuelan government procedure, Chávez has given the people larger roles in their everyday lives by granting increased powers to local (city) councils. Now able to allocate billions of dollars of anti-poverty program money, the councils can spend the money on what they see as being the most pressing needs (Collier, 2006, p. 1).⁶⁷ Conceivably endangering the national government’s grip on the country, this decision has instead strengthened it as the populace has reacted favourably and has entrenched Chávez and the MVR in power.⁶⁸ Indeed, in the most recent election Chávez’s margin of victory was the most one-sided yet, as he received rough two-thirds of the popular vote.

This chapter has analyzed the two predominant approaches to development that have been employed in recent years in Venezuela. For several decades the neo-liberal model was embraced by governments throughout the region. The results, however, were poor as the economy grew sluggish and weak--with the benefits being divided by the elite. A good indication of this is that nearly 80 percent of the population are currently

⁶⁶ Until 2007 Chávez had remained very politically non-committal in terms of his socialist leanings. Although he lauded socialism (in his development programs), his policies reflected both socialism and other philosophies. Now, however, after being elected for the third time, he is increasingly (and openly) adopting a socialist stance.

⁶⁷ “The government initially budgeted \$852 million for social spending in 2006. But as oil money floods in, officials keep increasing the amount. It now stands at \$7 billion, although many experts view that figure as a guesstimate of money being spent on the fly” (Collier, 2006, p. 2).

⁶⁸ This does not mean that the national government does not also allocate money to reform programs (as will be seen in Chapter 3). Instead it illustrates (as noted) that the government is giving the people an increased voice on how to spend national revenues. What this does show is how important loyalty is, as the current government is placing complete trust in Chávez to deliver popular support at the cost of governmental stability.

from the “lower classes” (Ellison, 2006, p. 1).⁶⁹ Even though neo-liberalism might be feasible in certain parts of the world, at this time in Venezuela it is not. By not addressing or understanding Venezuela’s current problems it lends little to the country’s future prospects. By contrast the development strategy pursued by Chávez (conveniently supported by enhanced oil revenues), seeks to maximize these same revenues – through increased taxation on foreign investors and domestic capitalist projects alike. In addition there has been a very deliberate (and also very successful) distribution of resulting profits among those sectors previously ignored. Thus, although Chávez is taking Venezuela into previously uncharted socialist waters, it is difficult to chastise and fully dismiss his approach to development when he is doing something that so many others before him neglected. The next chapter will examine his success in helping the traditionally impoverished, and in creating a definitive social infrastructure. It will evaluate the success of the Bolivarian model, and the challenges still to be dealt with.

⁶⁹ Although Venezuela has made significant progress throughout the past 6 years (as will be seen in Chapter 3), the financial inequality was so severe before Chávez’s election that it will take years to even out.

Chapter 3: Social Programs: From “Plans” To “Missions”

After years of indifference and insignificance Venezuela and its people have emerged from relative global obscurity. With the election of Hugo Chávez, Venezuela has become almost overnight a focus of international media interest. Indeed, no longer taken for granted, Venezuela has become a major economic and political global player. For example, its vast oil and natural gas deposits have given it a level of regional and international power rivaling many larger countries. In addition, in international politics Hugo Chávez has become a major influence in everything from oil quotas to international security. After four centuries, Venezuela is finally being looked at as a force within the region, in no small part because of the election of an extremely newsworthy socialist leader--and his radically different approach to developing his country.

In part because of Chávez's persona (but also because of a sudden change in the foreign policy and domestic reforms of his government), Venezuela has developed its own unique identity. Construed at times (depending on one's ideology) as being either progressive or chaotic, the government of present-day Venezuela has come to be known more globally for its foreign policy (and in particular its poor relationship with the United States). Overlooked by many outside of Venezuela, the current development initiatives implemented by Chávez are steadily improving the country's rate of poverty (indeed, poverty has decreased by 11% since he took office) (Herrera, 2006, p. 1). By targeting key problem areas, significant improvements have been made and the level of poverty has decreased while the standard of living has increased, as this chapter will seek to illustrate.

This chapter examines the impact of Chávez's social missions on the Venezuelan

people. It will look at many of the individual programs implemented by his government and provide an analysis to determine whether or not they are working. But first, when looking at the programs, the main aspect that has to be remembered is that they were not implemented in order to give the appearance of reform--but rather they were created out of need. Chávez's shaping of Venezuela's infrastructure (both internal and external) was in response to such a stringent public outcry that it ended a decades-long (liberal capitalist) political monopoly and a failed approach to national development. As will be seen within this chapter, for decades most Venezuelan people did not have sufficient food, medicine, housing, or many essential necessities. They instead lived in squalor, the severity of which can be seen after Chávez's initial election, when the people (fueled by new expectations) came to the presidential palace for help: "there were lines of thousands of people asking for jobs, with their sick kids, sleeping there, on the ground" (Harnecker, 2003, p. 2).

Conceivably out of political alternatives and various (failed) approaches to development, the people turned to Chávez and he in turn introduced a development strategy based upon a unique blend of personal thought, historical insights, and socialism. The need for national development began to supplant all else, leaving many outside of the country to wonder why the population had elected a government with such a radically different development strategy. The answer was really quite simple: the Venezuelan people were putting survival ahead of politics, something that critics now see the current government capitalizing on.

Looking at the country's current development programs as being detrimental to the people's survival Chávez's critics argue that instead of helping the people the

programs will in the long run harm them. Through intense media coverage they argue that the development projects now being implemented in response to the people are in fact only band-aid measures which are helping the government buy the vote. In essence they believe that the government is capitalizing on the weakness of the people.

In recent years much media coverage has also focused on the extensive influence of Chávez throughout Latin America, and most of the coverage has indeed also been negative, but instead of hindering the Venezuelan approach, in many ways this media attention has in fact heightened it by emphasizing the need for change in these countries. As a result Hugo Chávez has been able to advance his Bolivarian development strategy outside Venezuela. By offering substantial support (both monetary and logistical) to several countries in the region, he is thus contributing to solidify the current political leftist trends across Latin America. Indeed Venezuelan financial support is contributing to a variety of significant social reforms in the region, many of which are in fact based on the Venezuelan model. Convinced that it is in the best interest of the region to move away from western liberal capitalist tendencies and adopt a leftist (and Bolivarian) social program, he is contributing significantly to this process. Even more notable, however, is the unique social development approach found in Venezuela since Chávez came to power.

The current Venezuelan development strategy has been criticized in some (conservative) channels because of its socialist ideological underpinnings. Less is said in the international media about the actual benefits delivered, in large part because they cannot be denied, and indeed have reached sectors of the population traditionally ignored by prior governments. While acknowledging the economic boom created by oil, critics

are arguing that Chávez and his government are spending too much money in the present while effectively neglecting the future.⁷⁰ Consequently, it is believed that Chávez and the government will not be able to maintain indefinitely the financing of current programs or social “missions” as they are called. Critics indeed suggest that at its current pace a time will come when the government will simply run out of money.⁷¹ Thus, in the end money spent on Bolivarian ‘missions’ (and in particular its social programs primarily in education and health) would only have provided limited short-term answers to long-term problems.⁷²

We have seen that previous governments in Venezuela promised to invest in the long-term stability the country. In theory the assumption was that the country and its citizens would eventually profit. However, as seen from an analysis of pre-Chávez Venezuela, that was not always the case. Elected on the premise of helping the poor, Chávez chose instead to concentrate on improving pressing short-term national needs particularly for the poor majority who in the past had benefited little from government reforms. That said, some of the innovative social programs introduced by Chávez are designed to last more than 20 years. Resulting from the lack of long-term growth by previous governments (most of them did not plan for the future, and those that did, did so poorly) Chávez inherited a country where short-term need far outweighed anything else. Benefiting both the populace (and indirectly himself as his popularity has increased

⁷⁰ Its being suggested that this is being done to increase Chávez’s popularity rather than helping the people (Laksmanan, 2006, p. 1).

⁷¹ This in itself is highly unlikely as Venezuela has not only the largest oil reserve in the world (including heavy and extra heavy crude) but it also has one of the highest reserves of natural gas in the world.

⁷² It is also being argued that the missions are solely in existence to create political patronage for Chávez (which in some cases, as will be seen later, is true). Manuel Rosales (Chávez’s main opponent in the 2006 election) is advocating ending the missions and instead “creating a state-issued debit card to directly distribute one-fifth of Venezuela’s oil income among the country’s poorest families” (Toothtaker, 2006, p. 1).

dramatically among the poor), his spending on the “mission” programs studied in this chapter has indeed made significant inroads in serving numerous short-term needs within the country (indeed it can be argued that these allegedly short-term reforms will provide a solid base eventually for long term-growth). With over fourteen “missions” already in progress, a number of needs are currently being addressed, all eventually hoping to lead to one ultimate goal--the fulfillment of what the Venezuelan government has termed Misión Cristo--which for the Chávez development strategy means the eradication of poverty in Venezuela by 2021 (Voltairenet.com, 1) ⁷³

Upstaging the UN’s main Development Millennium Goal of reducing the poverty index by 50 percent by 2015, Misión Cristo incorporates all of the reform programs or missions into one cohesive group, taking multiple approaches to the same problem (Herrera, 2005, p. 5). Recognizing that poverty is not inclusive to one group, ethnicity, sex, or race, a wider, more inclusive approach such as this can reach more people which it seems to be doing. According to most reports, the Venezuelan people are responding favourably to the “missions”, and in doing so they are slowly emerging out of poverty for the first time in centuries. Within this chapter the following principal reform programs will be assessed: Misión Alimentación, Misión Árbol, Misión Barrio Adentro (both 1 and 2), Misión Ciencia, Misión Cultura, Misión Madres del Barrio, Misión Guaicaipuro, Misión Habitat, Misión Identidad, Misión Mercal, Misión Negra Hipólita, Misión Ribas, Misión Robinson (both 1 and 2), Misión Sucre, Misión Vuelvan Caras and Misión Zamora will be examined. Although there are other “missions,” these are the main reform programs to be examined.

⁷³ Chávez has cited Jesus Christ as one of his socialist models (along with Fidel Castro). It is therefore no surprise that Chávez has chosen to name his top “mission” (social program) after the man he calls “the greatest socialist in history” (Associated Press, 2007, p. 1).

The success of the programs or “missions”, though, was not achieved overnight. Without the precursor “plans” (Chávez’s first rough set of social programs), the current social “missions” would arguably not have succeeded. Thus, before continuing to an analysis of the impact of the “missions”, the “plans” have to be looked at, starting with Plan Bolívar. Plan Bolívar was the first general social program implemented by Chávez. Created shortly after his first election, the “plan” was the end result of massive social need and government inaction.

The excitement surrounding Chávez’s initial election was massive. Venezuela’s poor saw him as their saviour and they immediately expected him to help them. Sadly, at first he was unable to. Although Chávez had been elected president, his adversaries were still many, and as such he was limited to the action that he could take. Not having the support of the Supreme Court, or control of Congress, Chávez did not even have control of his government’s budget, and thus he had to rely on the things that he could control like the military (Harnecker, 2003, p. 2). Consequently, using a civil-military plan, Chávez ordered the military to go door to door and help the Venezuelan people:

My order was: “Go house to house combing the terrain. The enemy. Who is the enemy? Hunger.” And we started it on February 27, 1999 ten years after the Caracazo, as a way of vindicating the military. I even used the contrast and I said: “Ten years ago we came out to massacre the people, now we are going to fill them with love. Go and comb the terrain, look for misery. The enemy is death. We are going to fill them with bursts of life instead of gun shots of death.” And, in truth, the answer was really beautiful (Harnecker, 2003, p. 2).

Helping out in whatever ways were possible, the military were to demonstrate that they

sought to help the people and in that way the plan had a dual purpose.⁷⁴ First, to help the people, and secondly to vindicate the military for years of past transgressions under previous governments. The “plan” would achieve success on both fronts with a large number of the Venezuelan people embracing both the “plan” and the soldiers. Chávez describes one example:

Many years ago I used to go to Barranco Yopal, taking with me sheet metal and poles to the natives, because with those materials they built winter huts which they left during the summer. They were nomads: hunters and gatherers, as they have been for five hundred years. I saw native women give birth there, squatting on a hill, throwing away the placenta and cleaning the baby, and then kept walking. Most of the children died of malaria, tuberculosis or any other type of disease . . . They were ghosts, scorned by most of the population. They sometimes stole in order to eat. They did not have the notions of private property; for them, to enter a place and grab a pig for food because they were hungry was not considered robbery. But what did I see there now? The soldiers with an agricultural technician and their capacity of mobilization vehicles equipment, organization, promptness; but with the natives, with the native capitanes wearing a cap with a sign reading “Plan Bolívar”. The soldiers carried the materials, helped them with some engineering personnel and soldiers more than anything while the natives outlined the houses and worked building their schools and houses (sic) (Harnecker, 2003, p. 3).

In other words it was a complete transformation, as the people were getting help and the

⁷⁴ The military initially preformed a number of services, including clearing roads and “attending to the health of the public” (Harnecker, 2003, p. 2).

military was getting positive publicity. This in turn led to the implementation of other equally successful “plans”.

As a result of the success of Plan Bolívar, each branch of the military was asked to create their own sub-plans (all falling under Plan Bolívar) of which Plan Pescar 2000, Plan Casiquiare 2000, and Plan Avispa were the most efficient (although exact statistics are unavailable).⁷⁵ Plan Pescar 2000 was started by the Venezuelan navy. Working with fishermen, among other things they gave them courses, repaired iceboxes and refrigerators to store their fish, and organized co-operatives (Harnecker, 2003, p. 2).

With over 40,000 soldiers participating in all of the “plans” together, it is difficult to determine the exact numbers involved in each, but due to the nature of Plan Pescar it would not be surprising if the numbers were limited (Harnecker, 2003, p. 2).⁷⁶ Although fishing is important to the Venezuelan economy, it is not more important than housing or healthcare (clearly the major priorities of Chávez), and thus more soldiers would probably have been allocated to the other “plans”.

Plan Casiquiare 2000, on the other hand, was started by the Venezuelan National Guard. Designed to help Venezuela’s indigenous people (and named after a river which is inhabited by thousands of indigenous people), the National Guard traveled by boat “from village to village bringing medicines and doctors to examine children and vaccinate people; building houses with the indigenous people, but according to what the indigenous people wanted and not according to what we [the government] thought” (Harnecker,

⁷⁵ Chávez notes that “without the participation of the military in the social area, Plan Bolívar (initiated in 1999 and continuing in 2000), the process would not have advanced in the political arena as quickly as it did [(because they provided instant results)]” (Harnecker, 2003, p. 2). Thus, it was only logical that as a next step, because of the success of Plan Bolívar, each branch of the military be asked to attempt to duplicate its success by implementing individual sub-plans.

⁷⁶ None of the “plans” have statistics publicly available (in essence the bulk of the work was carried out by the soldiers involved, while the local people helped).

2003, p. 3). Considering that the National Guard at this time was designated as the country's protectorate, Plan Casiquiare 2000 is all the more impressive, as it was essentially a developmental afterthought.⁷⁷ Although it has contributed to helping many people, its main significance lies in the fact that it paid attention to popular demands and needs. It showed that the government was willing to listen to the people instead of always telling them what to do (a noticeable change from previous governments).

Finally, Plan Avispa was invented by General García Carneiro and was promoted as a means of not only saving money but also of increasing productivity (Harnecker, 2003, p. 3).⁷⁸ Plan Wasp was probably the most beneficial of the three "plans". Affecting millions of Venezuelans, it not only helped to build houses for the poor, but it also taught the people how to do it for themselves. Using a "portable" (a mobile classroom), the "plan" employed teachers to travel around Venezuela and "give their courses and teach people how to make doors. Then, together they [made] the doors, the building blocks, the roof tiles and [built] the houses" (Harnecker, 2003, p. 4). Although there were not specific criteria that had to be met in order to participate, almost assuredly most participants were poor. Each "plan" was an integral developmental stepping stone to the current success that the "mission" programs are currently enjoying. Without them, Venezuela's social programs would not have been able either to grow into their current form ("missions"), or to achieve the success that they currently are having (as will soon be seen).⁷⁹

⁷⁷ "The national guard [got] the task of mainly protecting the citizens and controlling delinquency" (Harnecker, 2003, p. 2).

⁷⁸ This "awakening of participation" is the first social program implemented by Chávez which hints of the country's future socialist path.

⁷⁹ After the completion of the "plans", the civil-military relationship that existed was lessened. Indeed, although it still plays some role in the current "missions", this involvement was drastically reduced. Instead of the programs being civil-military, they are now civil-political.

The evolution of Chávez's social programs gave the populace an opportunity to benefit from a responsible (people-centred) government. When creating the "mission" programs, this is one of two fundamental concepts that were most likely emphasized. The "mission" social reform programs targeted the areas in Venezuela which needed the most help. Under perfect circumstances the "plans" would have probably not even been implemented, but under the different circumstance (as already seen), at the time, they were the government's only developmental choice.⁸⁰ The switch from the "plans" to the "missions" was only taken when Chávez had garnered enough support to overcome any significant political resistance. The second fundamental concept is that the programs would project a positive image of both himself and his government (both nationally and internationally). By contrast, attempts at reform under previous administrations following neo-liberal approaches, looked feeble indeed.

Although all "missions" have merit, arguably the most important in meeting the ultimate objectives of Misión Cristo (and thus assisting the populace as a whole) is Misión Barrio Adentro. In essence this is because it has the ability to affect everyone immediately. Designed in order to provide free primary health care for all (even though Chávez's primarily targets the poor, a variety of missions are available to all Venezuelans), the mission sees each Venezuelan community "not only as a cohesive group of persons sharing economic, socio-cultural and political relationships, but also as the "locus"--geographic, demographic and epidemiological--for effective infectious disease prevention and control"(UNICEF, 2005, p. 1).⁸¹ Originally conceived in 2003,

⁸⁰ The "plans" also went relatively smoothly, possibly because of the military background of Chávez. It is doubtful that any non-military leader could have accomplished this civil-military plan.

⁸¹ Although Chávez primarily targets the poor, many "missions" are designed to assist the entire country. This is done in order not to alienate the élite as it has become increasingly important for him to show that

and enacted with the help of Cuban doctors (in exchange for subsidized rates for 98,000 barrels of oil per day), the mission has steadily increased since its initial implementation (Wagner, June 14, 2005, p. 1).⁸² In Caricuao alone there are now 52 modules (doctors' offices also staffed with sports trainers) now operating (Kuiper, 2005, p. 2).⁸³ In total there are now thousands of these of modules created under Misión Barrio Adentro, treating millions (between 2003 and 2006 "the mission" registered over 200 million [doctors'] visits and saved over 84,962 lives) (Prensa Latina, 2007, p. 2).⁸⁴ Misión Barrio Adentro has indeed become one of the current government's early success stories so much so that in June 2005 the government enacted Misión Barrio Adentro II.⁸⁵

More focused than the first program, Misión Barrio Adentro II works to further improve the success enjoyed by Misión Barrio Adentro I. By increasing the medical programs offered by Misión Barrio Adentro I, Misión Barrio Adentro II offers more

his support is widespread. For instance, during the 2006 Venezuelan presidential campaign "Martín Pacheco, one of Chávez's most trusted campaign advisers, said Chávez's campaign is focused on obtaining 10 million votes from a total of 16 million eligible voters. 'So there's no doubt, in any sector of the country or internationally, of the leadership that the president has'" (Forero, 2006, p. 2). In other words, Chávez wants to show that he is the undisputed leader of the country.

⁸² Although Cuban doctors currently work in Venezuela as part of the "mission," the plan Postgrados de Medicinas Generales Integral (Postgraduate Holistic General Practice) originally initiated as part of the "mission," will ensure that the Cuban doctors are eventually replaced by Venezuelans. "The plan prepares young people in three years to become active in [Mission] Barrio Adentro" (Kuiper, 2005, p. 2). The first three thousand medical students from the Latin American School of Medicine should graduate by 2008.

⁸³ Caricuao is known to be one of Caracas' most unsafe regions (Kuiper, 2005, p. 1). Thus, having this many offices in the region gives some indication as to the commitment of the mission.

⁸⁴ Although the mission is very successful, there still are not adequate medical services available in Venezuela. With both Mission Barrio Adentro 1 and 2, Venezuela still lacks the ability to service all of its people (although at its present rate that soon will not be the case). Thus, the Cuba-Venezuela health agreement has become very important to Venezuela. Now in its 6th year, nearly 14,000 (13,899) Venezuelans have been sent to Cuba for medical treatment (Fox, 2006, p. 1). "Of the 13,899 patients sent to Cuba as of November 15 [(2006)], 2,224 had problems of the nervous system, 2,043 with problems of vision, 1,764 with skin diseases, 1,555 with osteomuscular problems, 906 with mental illnesses, 881 with tumours, 806 with circulatory problems, and hundreds more with other hearing, repertory, digestive, urinary, metabolic, infectious and various other illness" (Fox, 2006, p. 1). This is in addition to Mission Miranda which will also be looked at later on in this chapter.

⁸⁵ As of March 25, 2006, Misión Barrio Adentro I employed 31,390 health personnel, of whom 23,382 were Cuban and 8,008 were Venezuelan (Feinsilver, 2006, p. 3).

specialized medical treatments (such as surgery, grammatology, dermatology, psychiatry, language therapy, dentistry, and cardiology) (Kuiper, 2005, p. 2). Through the construction of hospitals, Integrated Diagnostics Centers (CDIs), and Integrated Rehabilitation Rooms (SRIs), the Venezuelan populace now has a level of medical treatment once unattainable for the poor.⁸⁶ Indeed, as one observer remarked: “Before, in some hospitals the situation was appalling. Patients were dying in the hallways, because of a lack of doctors or medicine (Kuiper, 2005, p. 2).”⁸⁷ With the first hospital already in operation (in Caricuao and staffed by Venezuelan doctors) and more scheduled to be built, the Venezuelan populace has already noticed the difference in medical care.⁸⁸

Hospital director Claudio Letelier has explained well this contrast:

In June [2005] we served 43,764 patients. The number of patients has been increasing steadily by about 25 percent each month. Our fame in traveling across the city borders already. We are not only popular in south-western Caracas, people come from places as far as San Fernando de Apure (some 300 miles to the south ed.), because family members told them about our services (Kuiper, 2005, p. 2).

Essentially, this response to the new health services offered shows the extent to which the medical services under previous governments suffered. The fact that people would travel extended distances shows their dire need.

The 1990 decentralization of 17 states by the “health services of the former Public

⁸⁶ The first 30 CDIs and SRIs were inaugurated in June of 2005 (Kuiper, 2005, p. 1).

⁸⁷ Now (along with data already provided) the government decided (in 2004) to build an additional 5,000 People’s Health Centres of which 58 have already been built and another 242 are currently under construction (PAHO, 2006, p. 8).

⁸⁸ By July of 2007, Misión Robinson, since its inception will have constructed its 600th diagnostic center and rehabilitation ward, as well as its 35th state of the art technology centre (Prensa Latina, 2007, p. 2).

Health and Social Assistance Ministry” (PAHO, 2006, p. 7) is a prime example of why people were so desperate for help. With the national government no longer in charge of all health services (leaving the responsibility in 17 states to the local governments), the individual authorities were left with control over the healthcare budgets (PAHO, 2006, p. 7). Thus, it is impossible to generalize about the Venezuelan health care system, since there is considerable autonomy. This in turn created some “very disparate developments” within the districts, as depending on the will of the government money was either spent or saved (PAHO, 2006, p. 1). If the statistics used throughout this thesis are any indication, then the money in most cases was most likely saved.

The difference between then (1990) and now is that not only are all of Venezuela’s health care centres under the control of the national government, but they are also more responsible to the people, in no small degree because money is no longer the key issue. The key issue instead is the universal health of the people, and the current government has demonstrated this by implementing Barrio Adentro I and subsequently Barrio Adentro II which was a significant improvement for the people of Venezuela.

Although health statistics are now only available from 2004, the exact impact of Barrio Adentro I and II on Venezuela’s health system are already evident. Not only has Venezuela’s human development index risen (to a 30-year high of 0.784), but also a number of key health statistics have already shown early improvements (UNDP, 2006, p. 1). For instance, children’s healthcare has improved greatly. The immunization rate for one-year old children against tuberculosis has risen from 94% in 2001 to 97% in 2004, and the immunization rate for one-year old children against measles has risen from 49% in 2001 to 80% in 2004 (UNDP, 2006, p. 2). The under-five infant mortality rate has also

decreased from 61 (per 1,000 live births in 1970) to 19 (per 1,000 live births in 2004) (UNDP, 2006, p. 2).⁸⁹ Also, the infant mortality rate fell from 47 (per 1,000 live newborns in 1970) to 16 (per 1,000 live newborns in 2004, as already seen in Chapter 1) (UNDP, 2006, p. 3). In addition, the number of doctors (including Cuban physicians) has also risen from roughly one for every 12,000 people before Chávez became president to the current (2006) number of 20.7 per 10,000 people (essentially one per every 483 people) (PAHO, 2006, p. 10). These reform programs have thus had an extremely important influence on the public health of the Venezuelan population--one that would have been unthinkable without Chávez.

Through both Barrio Adentro I and II, the Venezuelan medical system has been revolutionized, although there still remains a significant amount of work left to do. Indeed, while both missions have provided significant medical upgrades (as noted), there are still serious problems. The number of hospital beds is still well below the number recommended by the World Health Organization at 1.3 per thousand people. In addition many hospitals are still in disrepair, and there is a fair amount of work left to be done in refurbishing them (Wilpert, 2005, p. 1).⁹⁰ Thus, it was not surprising when Chávez announced the formation of Barrio Adentro III (in late 2005). He declared that it would be “a program that will equip and modernize 300 already existing hospitals throughout the country with adequate and up-to-date supplies” (Wagner, June 14, 2005, p. 2).

Mission Barrio Adentro III looks to be the last Barrio Adentro “mission” needed, since

⁸⁹ It should be noted that 2001 was relatively early in the Chávez government and that any statistics for the time were still indicative of previous governments, especially since the coup disrupted any attempts at early national development.

⁹⁰ “According to Chávez, there are hospitals with medical teams that are more than forty years behind, technologically, and with deteriorated buildings. The beginning stages of Mission Barrio Adentro III have already been set in motion; there are currently teams evaluating the needs of the country’s hospitals and deciding whether or not the building has deteriorated to the point” (Wagner, June 14, 2005, p. 2) of needing to build a new one.

there will be no more need for medical upgrades due to the success of these “missions”, and the success of numerous Venezuelan medical students being trained at the Latin American School of Medicine.

A significant additional benefit generated as a result of each Barrio Adentro “mission” has been the elevated interest in public health within Venezuela. Considering that in 2005 there were 889 students registered at the Latin American School of Medicine (in Cuba), and that now the Venezuelan government has announced that it wants to open a second school, it is evident that the demand for both medical training and medical care is there (CubaMinrex, 2006, p. 1).⁹¹ Making room for an additional 1000 students from Venezuela, and 500 from the rest of Latin America and the Caribbean the Venezuelan medical school stands not only to benefit Venezuela but as well the whole region (CubaMinrex, 2006, p. 1).

The aims of Misión Mercal follow along some of the same lines as the first two Misión Barrio Adentro programs in that improving the well-being of the populace is the main target. Created both as a means of achieving national food sovereignty, and too of reducing malnutrition, Misión Mercal works to feed the country by selling food (in particular necessary staples) at substantially discounted prices from the Mercals (government-run supermarkets) directly to the people.⁹² Available at 25-60 percent below supermarket prices (to over ten million Venezuelans, roughly 30% of the population),⁹³ they offer milk, tomato sauce, rice, salt, eggs, pasta, coffee, cheese, cereal, margarine,

⁹¹ Unfortunately the 2005 Venezuelan enrollment figure in the Latin American School of Medicine is the only one currently available. What is known is that currently there are 2,400 Venezuelan students going to school in Cuba (in a number of schools) (Quintero, 2007, p. 3). As well, there are currently 20,000 Venezuelan students being educated as doctors in Venezuela by Cuban professors (Quintero, 2007, p. 3).

⁹² In an attempt to eliminate the “middle man”, the Venezuelan government has also begun to deal directly with manufactures, thus eliminating any price mark-ups.

⁹³ There is no visible distinction used as to who can buy from a Mercal, and indeed all Venezuelans are able to.

sugar, oatmeal, raisins, chicken, cooking oil, bread, fish, fruit, meats, flours, and seafood (Wagner, June 24, 2005, p. 3).⁹⁴ When compared to regular supermarket prices, the difference is quite noticeable, as can be seen from the following comparative price list (all in bolívares):

Product	Unit	Cost at Mercals	Cost at Supermarket	Mercal Savings
Meat	Kg	6,400	9,400	32%
Coffee	250g	1,700	3,125	46%
Sugar	Kg	740	1,032	28%
Flour	Kg	890	1,510	41%
Pasta	Kg	1,100	1,740	37%
Oatmeal	packet	1,000	2,070	52%
Raisins	250g	1,400	3,390	59%
Oil	1 liter	2,850	3,635	22%
Rice	1kg	1,150	1,420	19%
Average:				37.3%

Source: Wagner, June 24, 2005, p. 3.

Developed as a result of the 2002 oil strike, on the 25th of April 2003 Misión Mercal was quick to evolve into its current form (Wagner, June 24, 2005, p. 1).⁹⁵ At first the government used military barracks as storage centres, but it was not long before the first three Mercals and two (food storage) warehouses were built, and 66 tons of food were sold daily (from the Mercals). In 2004, it increased to 4,160 tons which were being

⁹⁴ Between 1990 and 1992 11% of the Venezuelan population consumed less than 2200 calories a day. By 1995 that number had risen to 16%, finally topping out at 17% in 2000 (4.5 million people). As well, in 2000 “of the 83% of the population that do not consume over 2,200 calories per day, a large percentage does not necessarily eat a balanced diet that includes fruits, vegetables, milk products and meat but instead load up on starches. Bread, rice and pasta, the cheapest way to feed a family and to meet its daily caloric needs, does not translate into a balanced diet, thus often resulting in malnutrition” (Wagner, June 24, 2005, p. 5). Having inherited the problem which peaked at the beginning of his government this is something that Chávez realized had to be resolved.

⁹⁵ The oil strike served as a lesson for the Venezuelan government. They first realized that “the vast majority of production, storage, transportation, distribution and commercialization of food was in the hands of a small number of transnational corporations and national business chains. These corporations and businesses by and large supported the opposition” (Wagner, June 24, 2005, p. 2). Thus, during this time they substantially increased their prices. Also, prior to the strike the government did not put a large amount of emphasis on food reserves (in fact they had none).

supplied by 13,392 Mercals, 31 Supermercals, 12, 500 Mercalitos (small Mercals) and many other Mercal-related entities (Wagner, June 24, 2005, p. 2). Although it is difficult to calculate exactly the significance and impact of the program on the people, its growth, legacy, and success should serve as a measure as to its significance to the people.⁹⁶

Misión Mercal has been enormously successful, since it made a point of ensuring that the poor and hungry are not left to fend for themselves. Prior to its implementation, the number of people (men, women and children) within Venezuela who were malnourished was around 21% (from 1997-1999), yet by the end of 2003 (the last year for which there is complete data) the number had decreased to 18% (UNDP, 2006, p. 3). Also, children underweight for age five and under decreased from 5% in 2001 to 4% in 2004 (UNDP, 2006, p. 3). Thus, in its early stages this approach showed that a rather significant amount of people were being fed, and those numbers will only decrease now that Misión Alimentación is becoming increasingly streamlined.

Both Misión Mercal and Misión Alimentación have very similar goals, namely to provide nutrition to the Venezuelan populace--which is probably why Misión Mercal operates under the much bigger Misión Alimentación. Both work to ensure that the populace does not go hungry. In fact the differences between the two "missions" are quite minor, except for the fact that Misión Alimentación (under FUNDAPROAL) has also created community eateries where low-income families can eat for free (Embassy of the Bolivarian Republic of Venezuela in the United States, Ministry of Food, 2006, p. 4).

Working under Misión Alimentación, Misión Mercal is only one piece (albeit the

⁹⁶ It is impossible to determine the exact financial and social impacts that it is having on the populace, since there are too many independent variables. Thus (as already noted), it must be assumed that its sheer widespread popularity is an indication as to the effect that it is having on the populace in the battle to reduce poverty.

biggest) of a larger nutritional network. Misión Alimentación was started in order to “guarantee Venezuelans access to good nutrition” (Embassy of the Bolivarian Republic of Venezuela in the United States, Social Missions, 2006, p. 1). The “mission” hopes to reach the “less-favored sectors of the population” (Embassy of the Bolivarian Republic of Venezuela in the United States, Social Missions, 2006, p. 3). By working with the Venezuelan Agricultural Supply and Services Corporation (CASA), the Mercals, The Foundation For Strategic Food Programs (FUNDAPROAL), Café Venezuela, and the Office of the Superintendent of Silos, a far-reaching food network has been created that will give better nutrition to all Venezuelans.⁹⁷

With a combined investment (between 2003 and 2006) of 5,579,482,938,897.30 Bolivares the government has demonstrated that it is willing to invest greatly in the success of this “mission” (Embassy of the Bolivarian Republic of Venezuela in the United States, Ministry of Food, 2006, p. 1). This is significant to both the people and the government because it shows the people that the government is concerned with their welfare, and it sets an international precedent showing that the Venezuelan government is willing to spend whatever is needed to ensure the health of their populace. It is important to remember that many of these poor Venezuelans had long been forgotten, or indeed had never ever “existed” in strictly legal terms prior to another significant part of the social reform program, Mission Identidad. This program provided legal documentation for many indigent Venezuelans who did not possess even the most basic identification—thus allowing them both the right to participate in these practical reform programs, and to gain

⁹⁷ Both CASA and the Mercals (under socialist mandate) are supplied by small businesses and cooperatives, “stimulating both the generation of new sources of employment and local production” (Embassy of the Bolivarian Republic of Venezuela in the United States, Social Missions, 2006, p. 3).

a sense of never known Venezuelan dignity.

In many ways Misión Identidad is unusual, since although it too targets the poor in an attempt to improve their socio-economic conditions, its mandate is rather unique. In particular the “mission” was created in order to fulfill:

the mandate of the Constitution of granting the right to exist to thousands of forgotten Venezuelans, by an identification national plan that brought identities to residents of excluded and judicially undefended sectors that had been denied of this right, such as: low income areas, rural areas, and indigenous areas (Embassy of the Bolivarian Republic of Venezuela in the United States, Social Missions, 2006, p. 5).

Thus, this “mission” has no direct bearing on a relatively large percentage of the populace, concentrating instead on those without “legal existence” due to a lack of paperwork needed in order to establish their identity. Highlighting the importance that the poor have for the current government, Mission Identidad was essentially designed to ensure that the poor are not forgotten (literally). Since political parties and governments alike have in the past largely focused their attentions on the electorate of the large urban areas (since they are normally the ones with the political clout and the power to change governments), those on the periphery have traditionally been either neglected or forgotten. This is particularly important for the government, since a large number of these people were not even registered to vote.⁹⁸ As a result, Venezuela has had to adapt to include 18,646,799 (as of July 17, 2006) new citizens (Adults, Teenagers, and Children) who now officially exist (Embassy of the Bolivarian Republic of Venezuela in the United

⁹⁸ Ensuring that all of Venezuela’s poor are registered to vote is in the best interest of Chávez as he largely has the support of this group. By being able to register 2,975,735 additional voters, he assures himself of significant support among these new voters.

States, Ministry of Interior and Justice, 2006, p. 2).⁹⁹ This is significant because it means that these people are entitled to all of the advantages that come with being an “official” citizen, including possible participation in many of the “mission” programs. This is also important, especially to Chávez, because most of those formally denied their electoral rights, are now eligible to vote. They also fall into the key demographic sectors of his target voters: they are poor. The rest primarily are children, many of whom beforehand were forced into child labour due in large part to the fact that they were never officially registered as having been born.¹⁰⁰

As a result of “poverty, civil-under registration, family abuse and maltreatment”, not only have children in Venezuela been forced to live on the streets, but many have also had to become active in child labour and indeed in the sex trade. According to data collected in 1995 by Venezuelan NGO Funda ICI, approximately 45,000 children were involved in prostitution (IIN-CIDA, 2004, p. 43). These numbers, staggering as they are, should never have existed. In a country with such abundant petroleum wealth, these children should have been one of the country’s main concerns, and money should have been spent to ensure their well-being. It is also of concern that the areas in which the problems of child abuse were the most severe are in fact the same areas that generated the most income: oil-producing areas (Monagas and Zulia), mining areas (Edo Bolívar), and tourism areas (Flacón, Mérida, and Nueva Esparta) (IIN-CIDA, 2004, p. 43). Indicative of the lack of interest shown by the leadership in the 1990s little was done to help these

⁹⁹ This number includes both naturalized citizens (430,912) and members of indigenous communities (273,899) (Embassy of the Bolivarian Republic of Venezuela in the United States, Ministry of Interior and Justice, 2006, p. 2).

¹⁰⁰ In 2000 “estimates showed that about one million children in Venezuela were not recorded in the civil registry, 250,000 of whom were less than five years old” (IIN-CIDA, 2004, p. 43).

children. It is only now that something is being done and Misión Identidad is a good first step.¹⁰¹

Another main social reform program is Misión Robinson which, much like Misión Identidad, was created in order to target directly the poor.¹⁰² Combating illiteracy, the “mission” works proactively to eradicate illiteracy from Venezuela (which, not surprisingly primarily exists among the poor).¹⁰³ It also exists to encourage children, youth, and adults “to positively influence the economic, cultural and political development of their country” (UNESCO, 2005, p. 1).¹⁰⁴ Since its inception, it has been very successful, reaching both the urban and rural poor.¹⁰⁵ In order to reach all areas of Venezuela, “Missionaries” (civilian volunteers) were recruited to travel to even the remotest of areas. Distributing over “80,000 TVs and video recorders to makeshift classrooms across the country from city shanty towns to remote Indian villages” (Livingstone, 2003, p. 1), they were able to teach the same program all throughout the country (and continue to do so).¹⁰⁶ Empowering the people (as do all of the education

¹⁰¹ In 2001 the IIN attempted to employ a PPF planning methodology on child labour in Venezuela. After positive contact with the Chávez government, the IIN began working on implementing “the rights provided for in the Convention on the Rights Of The Child in connection with child labor (Article 32), sexual exploitation (Article 34) and children in/of the street [(Misión Negra Hipólita)]” (IIN-CIDA, 2004, p. 46). Although some positive progress was made, the 2002 coup caused the progress to be halted as both the political and economic situation in Venezuela became too unstable.

¹⁰² The poor are even given a stipend of \$100 a month to attend (Lakshman, 2006, p. 1). This money comes from the \$50 million dollars allocated for providing scholarships for students enrolled in Misiones Robinson, Sucre and Ribas (which will all soon be examined) (Wagner, June 7, 2005, p. 2).

¹⁰³ The “mission” has achieved good results. In 1990 88.9% (90.1% Male, 87.7% Female) of the adult population knew how to read (UNESCO, 2004, p. 3). By the end of 2004 that number had reached 93% (93.3% Male, 92.7% Female) (UNESCO, 2004, p. 3). In 1990 96% (95.4% Male, 96.6% Female) of youth (15-24) knew how to read (UNESCO, 2004, p. 3). By the end of 2004 that number had reached 97.2% (96.3% Male, 98.1% Female) (UNESCO, 2004, p. 3).

¹⁰⁴ Although a Venezuelan initiative, the program was enacted as part of the UNESCO Education For All Program. Created to ensure that basic education is available to all children, youth and adult Misiones Robinson are one of Venezuela’s answers to the Dakar Framework For Action which was adopted at the UNESCO 2000 World Education Forum (UNESCO, 2001, p. 1-21).

¹⁰⁵ In 2003 there were already more than a million people enrolled in the program (Livingston, 2003, p. 1). By October 30, 2005 the program had graduated 1,482,543 people (Embassy of the Bolivarian Republic of Venezuela in the United States, Ministry of Education: Presidential Commission, 2006, p. 1).

¹⁰⁶ Using imported Cuban videos, “a clearly enunciating teacher is interspersed with pan-pipe music and

“missions“), this reform program has given them a new outlook on life as noted by one graduate: “this is the best thing that has happened round here, it keeps you down when you can’t read and write” (Livingstone, 2003, p. 1). In other words the success of this “mission” has resulted in millions of people learning how to read, and this is significant because it gives them more power and greater freedom.¹⁰⁷

The success of Misión Robinson, much like the case of Misión Barrio Adentro (which resulted in a subsequent “mission” campaign), led to the development of Misión Robinson II. As of October 2005, having already graduated 2 million, Misión Robinson II continues the skills taught by Misión Robinson I. Originally entitled “Misión Robinson II, Yes I Can Continue”, the program is organized into two sections representing different grades. Completion of the first section is the equivalent to graduating from the fourth grade, while completion of the second is the equivalent to graduating from the sixth grade.¹⁰⁸ Meant to provide confidence to the people, the program opens up many new doors for the graduates, including the possibility of furthering their education for free through Misión Ribas.

The value of Misiones Robinson I and II is twofold. First, it shows that the government is not only committed to the growth of the people, but in addition it emphasizes that the government is willing to empower the people in order to develop their own potential (something that many previous governments before have not done).

on-screen writing exercises” (Livingstone, 2003, p. 1).

¹⁰⁷ On October 28, 2005, Venezuela officially proclaimed itself illiteracy-free after “more than 1.5 million people learned how to read and write” through Misión Robinson (Consulate General of Cuba in Toronto, 2007, p. 3).

¹⁰⁸ Subjects in the first section include Language, Mathematics, Universal History, Natural Geography and Sciences. Subjects in the second section include all those covered in the first section with the addition of computers and English as “it is very important to learn another language, so as to extend one’s vision of the world and to learn elements of computer science and computation” (Venezuelanalysis, 2003, p. 1).

Giving the people the opportunity and method to access large amounts of information (either through newspapers or now the internet, which is wisely used), the government is showing that it is unafraid of any opposition. It believes that an educated populace will be better able to defend itself--and to vote for governments with such reform programs. This is significant as it shows the government's faith in poor, something that has allowed it to take political risks both within Venezuela and abroad (it is especially important given the enmity of the United States).

A related program in the field of education is Misión Ribas, on which the government has already spent 1.6 trillion bolivares (as of July 12, 2006) Unlike both Misión Barrio Adentro and Misión Robinson, Misión Ribas has two distinct goals. The first (much like Misión Robinson) is to further the education of the Venezuela people.¹⁰⁹ The second is to provide a political primer on the reality of Venezuela and to help the people further understand their own country. Indeed, this mission is one of consciousness raising. It is the:

'key to understand what is happening in Venezuela', since 'the elite and neo-liberal thinkers believe that investing this in you [(the Venezuelan people)] is wasting it because they are triggered by capitalism and do not care for the people to learn, that is why Simón Bolívar stated very clearly that morals and learning must be the foundations of a Republic' (PDVSA, Misión Ribas, 2006, p. 1).

Although this reform program has taken the Venezuelan education system and redefined

¹⁰⁹ "Initiated in November, 2003 Misión Ribas is a high school remedial program that targets the millions of Venezuelans who were unable to attend or finish high school. The two-year program is divided into two levels: 7th-9th grade and 10th-12th grade. Both levels teach Spanish, Mathematics, Geography, History, foreign languages and Economics, in addition to several electives. Currently (2006) there are 718,309 people in Mission Ribas. It is expected that by the end of the year, over 210,000 will graduate" (Wagner, June 7, 2005, p. 2).

it, it is the mission's second goal that is the most interesting, and possibly the most controversial (since it actively promotes socialism). Until the development of Misión Ribas, Chávez largely stayed away from emphasizing socialism as a key component in any "mission," but he now feels that the Venezuelan population, increasingly educated and politicized, can understand the ideological underpinnings of his government. Chávez has thus taken the opportunity to install a curriculum based on his socialist beliefs directly into the "mission."¹¹⁰ Chastising capitalism, the mission defends Chávez for leading Venezuela through his program of Bolivarian socialism. In describing his motives (for installing socialist ideology into a education program) Chávez condemns:

the capitalist system that reigned here for many years and converted almost all the universities into schools for the strengthening of this model. They formed generations of mentally deranged people...without a sense of social consciousness and the university system became more elite and was taken over (Wagner, June 7, 2005, p. 2).

The government has also outlined clearly its philosophy on the role of education:

According to Chávez, 'the cure for this venom' [(capitalism)] cannot be decreed; it has to be fought against from within. We are going to strip this demon forever. This is part of the challenge that we have,' he vowed. After pledging to dedicate himself to convince the people that socialism 'is the only path to save the homeland,' the Venezuelan president assured that the socialism he is referring to

¹¹⁰ The only other "mission" that has been as openly politicized is Misión Zamora. Misión Zamora "hopes to reorganize the ownership and use of agricultural unused lands for eradicating latifundia. This is a constitutional guideline framed within the transformation process that Venezuela is experiencing, to reach equality and social equity fulfilling article 307 of the Constitution of the Bolivarian Republic of Venezuela" (Embassy of the Bolivarian Republic of Venezuela in the United States, Social Missions, 2006, p. 5). It essentially supports the nationalization of land.

is in no way a copy or a reflection of the Cuban model (Wagner, June 7, 2005, p. 2).

After graduating from Misión Ribas, the participants have two basic options--to find immediate employment or to continue their education. Working closely with Misión Ribas, enrolment in Misión Vuelvan Caras is one opportunity that awaits after graduation.¹¹¹ Designed as a means to fight unemployment by training participants in “endogenous development”, Misión Vuelvan Caras incorporates its graduates “into the formal economy” (Wagner, July 8, 2005, p. 2). By implementing “a twelve-month course conducted by the National Institute for Educational Cooperation (INCE)” (Wagner, July 8, 2005, p. 2), the mission varies in that, instead of teaching formal classroom education, it teaches a number of applied trades (making it more practical than the other “missions”). Teaching electricity, wiring, ironworking, agriculture, fishing, construction, services, tourism, textiles, and arts and crafts, it has so far (by 2005) graduated 358,316 people (Wagner, July 8, 2005, p. 2).¹¹² This is important because not only does it benefit the economy (by putting more qualified local workers into the workplace) but it also (and most importantly) benefits the people by giving them a practical way to earn money.

Following Misión Ribas and Misión Vuelvan Caras, another significant education “mission” is Misión Sucre. Targeting “higher learning“, Misión Sucre (which began in November of 2003) provides paid university education for the poor--participants receive \$100 a month (Wilpert, 2003, p. 8). This is significant since “one of the greatest

¹¹¹ It is not only graduates from Misión Ribas who can participate in Misión Vuelvan Caras but also graduates from other mission programs as well.

¹¹² Although designed along the same lines as the rest of the education “missions,” Misión Vuelvan Caras does not receive the funding that the others do. In this way it is in a different category than the rest. It needs increased financing to support its students (many of whom have families), because in training students do not have the time to work.

hindrances to a university education is their lack of financial resources for such an education. They generally have to work on the side, often supporting family members at the same time, making studies nearly impossible” (Wilpert, 2003, p. 8). Thus, the significant immediate response to the mission is not a surprise, with over 420,000 people originally applying for 100,000 spaces (Wilpert, 2003, p. 8). Indeed, the surprise is that Venezuela’s education system may not be able to handle all of the participants. As there is limited space (in 2004 there was only room for 20,000 students in the Bolivarian University), the mission will have problems accommodating all 100,000 students until new universities are built (Chávez has promised new universities but there is not a set number of these institutes or a set date by which they are to be completed) (Wilpert, 2003, p.8). Nevertheless, the ideals presented in the “mission” are solid, and in essence they just require intensive supervision.

Misión Cultura is the last education “mission” to be discussed. Although also an education “mission”, Misión Cultura differs significantly from the rest. Indeed, in some ways it might not even be thought of as a development “mission“. Created “as an alternative for reinforcing the national identity of citizens in the Venezuelan territory” (Embassy of the Bolivarian Republic of Venezuela in the United States, Social Missions, 2006, p. 6) which is “framed in the process of decentralizing and broadening the Venezuelan culture, with the goal of providing academic and employment alternatives for the population” (Embassy of the Bolivarian Republic of Venezuela in the United States, Social Missions, 2006, p. 6), Misión Cultura was created more as a “mission” of social learning (or tolerance) than one of academic learning (as the rest were). In other words, the mission teaches the populace about the social foundation of the country.

Using a framework of tutors and facilitators Misión Cultura is one of the more unique “missions” undertaken by the current government.¹¹³ Teaching the population about itself, it tries to instill a sense of national pride into the populace. This in itself is a positive feature, but its relevance is a little puzzling as within the parameters of the “mission” it really does not clarify the mission’s direction. Other than stating that its goal is to create education and employment alternatives for the people, little else is noted. Indeed, badly lacking is an analysis to show how the “decentralizing and broadening” of the Venezuelan culture will bring about the desired results.

Along with the education missions, there is also a national information (knowledge) “mission,” aptly called Misión Ciencia:

It promotes the massive incorporation and articulation of social and institutional actors by economic, social, academic and political networks for the intensive and extensive use of the knowledge related to the endogenous development and Latin American integration. This program promotes interaction among the country’s productive sectors stimulating the socialization of knowledge for unifying efforts and consolidating the strategic guidelines for the creation of a new economic and productive system (Embassy of the Bolivarian Republic of Venezuela in the United States, Social Missions, 2006, p. 7).

In other words, Misión Ciencia promotes the open sharing (networking) of information and technology for the betterment of the country. It also promotes the interaction between all levels of government and the private sector in the hopes of creating a new, more efficient Venezuelan economy.

¹¹³ Currently there are 70 active tutors and 381 active facilitators working on Misión Cultura throughout Venezuela (Embassy of the Bolivarian Republic of Venezuela in the United States, Social Missions, 2006, p. 1).

Largely funded by CITGO (Venezuela's oil subsidiary in United States), Misión Ciencia is "one of the strategic technological niches of the new government" (PDSV, 941 Billion Bolívares, 2006, p. 1).¹¹⁴ Considering that Chávez has recently said that "the energy issue figures among the top 10 strategic guidelines of research considered within that program [(Misión Ciencia)]" (PDVSA, 941 Billion Bolívares, 2006, p. 1), it is not a surprise that CITGO is the "mission's" financier.¹¹⁵ With the country's future fiscal development largely centring around oil and natural gas (and to a lesser extent mining), finding new and effective methods of enhancing productivity is necessary. This central emphasis is to use scientific education to prolong the lifespan of the country's basic resources. This is why (under Misión Ciencia) Chávez created "The Oil Sowing Plan":

The Oil Sowing Plan is among the basic projects conceived within the pyramidal comprehensive strategy of the mission, which foresees the implementation of an Energy Study Center, within the second component of the program. This referred program includes the implementation of high complexity concentration of knowledge points aimed at increasing technical and scientific skills nationwide (PDSVA, 941 Billion Bolívares, 2006, p. 1).

In essence its goal is to find the most productive way possible to exploit fully Venezuela's resources.

Two of the social reform programs stand out from the others, since Misión Milagro (Operation Miracle) along with Misión Guaicaipuro differ structurally from the

¹¹⁴ On February 19, 2006 "President of the Bolivarian Republic of Venezuela, Hugo Chávez Frías, instructed Energy and Petroleum Minister and President of PDVSA, Rafael Ramírez Cedeño, to give Misión Ciencia 941 billion bolívares resulting from dividends obtained by PDVSA subsidiary in the United States, CITGO, calculated [to] 500 million dollars" (PDSV, 941 Billion Bolívares, 2006, p. 1).

¹¹⁵ There is little current information as to what the nine other strategic guidelines are.

traditional “missions.” Misión Milagro, for example, is not undertaken solely by the Venezuelan government, but rather is run through both the Venezuelan and the Cuban governments. Originally offered by Cuba to the people of Venezuela and indeed all of Latin America and the Caribbean, the “mission” offers free eye surgery (in Cuba and Venezuela) to those who need it.¹¹⁶ With over one hundred thousand Latin Americans already having participated (Cuban doctors have done 90,000 operations and Venezuelan doctors have done 42,000 operations), it is very popular and obviously very necessary (Embassy of the Bolivarian Republic of Venezuela in the United Kingdom, 2006, p.1).¹¹⁷

Looking back at the origins of Misión Milagro in 2005, it would have early on been difficult to imagine that Misión Milagro would have grown the way that it did. Considering that the year before it was created, hospitals in Venezuela only performed 5,000 such operations, the “mission’s” growth truly dictates its need, not only in Venezuela, but in all of Latin America (Embassy of the Bolivarian Republic of Venezuela in the United Kingdom, 2006, p. 1).¹¹⁸ Patients have already been cared for from (within Latin America) Mexico, Costa Rica, Guatemala, Peru, Ecuador, Chile, and Uruguay (Embassy of the Bolivarian Republic of Venezuela in the United Kingdom, 2006, p. 1), as well as a number of other countries from the Caribbean. One might be forgiven for wondering what both countries stand to gain from such generosity. Is the

¹¹⁶ Over time the program has come to also include Venezuelan hospitals in which 50 currently participate (Embassy of Venezuela in the United Kingdom, 2006, p. 1). The only payment that may be required by patients is in finding a method of travel to an international airport in one’s home country (Auxillou, 2006, p. 2).

¹¹⁷ The director of the Pan American Health Organization (Dr. Mirta Rosés) has lauded the program, noting that the program is serving as a model for the PAHO Blindness Prevention and Elimination Program (Granma Internacional 2006: 1). Also, since these numbers were originally recorded the number of people helped by Misión Milagro is said to have increased to over 315,000 thousand. (Quintero, 2007, p. 3). As well eleven new ophthalmologic centers with 27 surgical posts are now operating (Consulate General of Cuba in Toronto, 2007, p.3).

¹¹⁸ As of November 23, 2006, 96 Nicaraguans were waiting in Venezuela for an operation (Embassy of the Bolivarian Republic of Venezuela in the United Kingdom, 2006, p. 1).

program being run for the betterment of the people? The betterment of Latin American socialism? Or a little of both? The answer--a little of both. In promoting a socialist agenda, Venezuela and Cuba are using Misión Milagro both for the betterment of the people and for their own political agendas. Not always seen positively, Misión Milagro is giving both countries positive publicity both internationally and, more importantly, regionally. This is a particularly important development in light of the recent socialist swing in the region that is working to bring many countries closer together (within the last year Bolivia, Chile, Ecuador, and Nicaragua have elected socialist or social democratic leaders, while Lula was re-elected in Brazil).

Misión Guaicaipuro, on the other hand, is the only “mission” specifically designed to benefit an individual ethnicity, Venezuela’s indigenous people. It is an initiative to address the needs of the indigenous peoples and communities, respecting and promoting their social political, economical and cultural organization as well as their costumes, languages, religions, habitat and original rights to the ancestral lands that they traditionally occupy and that are needed to develop and guarantee their lifestyles as demanded by the constitution (Embassy of the Bolivarian Republic of Venezuela in the United States, Social Missions, 2006, p. 4).

Thus, it exists in order to ensure both the safety and survival of the culture. Already since its inception it has been responsible for 1,452 medical operations, supplying medicine to 2,019 people and providing food supplements to 2,955 people (Embassy of the Bolivarian Republic of Venezuela in the United States, Ministry of Participation and Social Development, 2006, p. 1). As well the “mission” has financed numerous projects,

benefiting thousands, at a cost of trillions of bolivares, throughout Venezuela.

Of indigenous descent (as already noted), Chávez has taken an especially proactive approach when dealing with the country's indigenous peoples. By showing his resolve to ensure better conditions for all Venezuelans (not just those living in urban areas but also those in the jungle), while recognizing the unique role that the indigenous people have played in Venezuela, Chávez, through Misión Guacaipuro, is working to right past governmental wrongs (see Chapter 1).¹¹⁹ Consequently, Misión Guacaipuro is essentially a goodwill offering to the more than 350,000 indigenous peoples, from 28 tribes in the country (The Rainforest Foundation, 2004, p. 1).¹²⁰ Since its inception, the following amounts have already been spent.

State	Population to Benefit	Investment in Bolivares	Investment in U.S. Dollars¹²¹
Amazonas	2,231	635,000,000,00	295,487,64
Anzoátegui	872	310,000,000,00	144,253,81
Apure	579	305,000,000,00	141,927,13
Bolivar	2,680	706,000,000,00	328,526,42
Delta Amacuro	946	411,000,000,00	191,252,63
Monagas	830	298,000,000,00	138,669,79
Sucre	1,232	301,000,000,00	140,065,79
Zulia	7,172	802,000,000,00	373,198,57
Total	16,542	3,768,000,000,00	1,753,381.78

Source: Embassy of the Bolivarian Republic of Venezuela in the United States, Ministry of Participation and Social Development, 2006, p. 1-2

These numbers are not only indicative of the importance that Chávez has placed on Venezuela's indigenous people but also on all of the poor and disenfranchised minorities

¹¹⁹ "According to a 1992 census, 71% of the country's indigenous people did not possess property titles and 63% lacked access to schools" (The Rainforest Foundation, 2004, p. 1).

¹²⁰ Mission Guacaipuro also gave, and continues to give, the current government another ally in the fight to retain political power (as the indigenous people are now able to more easily vote).

¹²¹ As of March 11, 2007, 1US dollar equaled 2,148.99 bolívares (Bank of Canada, 2007, p. 1).

within Venezuela. Although it is the only “mission” dealing with ethnicity, it is not the only one dealing with specific minorities (Misión Negra Hipólita deals with street children and Misión Madres del Barrio deals with housewives). The importance of these reform programs is that they demonstrate the lengths to which the government is willing to go in order to fulfill Misión Cristo, since in essence no one gets forgotten.

Already mentioned in conjunction with Misión Identidad, Misión Negra Hipólita deals specifically with improving the lives of street children. Although the current number of street children in Venezuela is unavailable, a 1998 estimate done by Funda ICI estimates the national level to be at 3,650, with 95 percent being male and 5 percent female (IIN-CIDA, 2004, p. 44).¹²² Even though the numbers are relatively low for a country its size, they are still unacceptable. Although the Mission attempts to lower the number (by giving the children other opportunities), it is a little different in the fact that it tends to treat the problem, rather than finding ways to solve it.¹²³ Instead of looking at the problem’s source, the “mission” seems to accept that it exists, and tries to help the people affected on an individual basis.

Misión Madres del Barrio on the other hand deals with “supporting needing housewives and their families so they can overcome extreme poverty in their communities by incorporating social programs and missions, prompting support within the community and providing a financial allowance” (Embassy of the Bolivarian Republic of Venezuela in the United States, Social Missions, 2006, p. 7). Although many

¹²² In 1998 research was also done by Funda ICI on the number of street children in Caracas, Maracaibo, Valencia, Baquisimeto, Barcelona, Ciudad Guayana and San Cristóbal. Their conclusions are that (combined) there were 1,139 (or 0.07% of the cities youth between 5-17) street children, and rough estimates dictate that 7 out of every 10,000 children are street children (IIN-CIDA, 2004, p. 44).

¹²³ The government has taken other measures in order to solve the problem of street children (see section on Misión Identidad).

statistics for this mission are unavailable, it is not difficult to see the positive impact that a program such as this could have. By supporting the housewives and their families, the government gives the families an increased measure of hope, while also creating a strong national identity centred around gender equalization. In essence they are taking significant steps to allow full “mission” access to both males and females.

Along with designing “missions” to look directly after the Venezuelan populace, Chávez has designed a nature reform program, Misión Árbol, to protect and develop Venezuela’s natural resources and wildlife. Since Misión Árbol’s inception, it has been responsible (as of July 29, 2006) for the creation of 524 projects, 515 nurseries, the planting of 11,516,420 plants and the protection of 9,506,80 hectares of land (Embassy of the Bolivarian Republic of Venezuela in the United States, Ministry of The Environment, 2006, p. 1). Designed primarily to counteract the erosion of land (both in rural and urban areas) and provide shelter for the country’s wildlife, the program’s main goal is to ensure that Venezuelans adopt a sustainable ecological livelihood.

With over 49 million hectares of rainforest remaining, Venezuela accounts for “3 percent of the world’s total” (RainforestWeb.org, 2001, p. 1).¹²⁴ Having already lost over 41 percent of its original rainforest, it is somewhat surprising that it has taken as long as it has before a national ecological program was created, but it is not surprising that Chávez was the one to create it (RainforestWeb.org, 2001, p. 1).¹²⁵ Having already talked about his affinity for the country’s indigenous peoples (Misión Guacaipuro), in fact the surprise would have been if he chose to remain silent. Considering that it is the indigenous people

¹²⁴ Of Venezuela’s 49 million hectares of rainforest, currently over 14 million hectares are owned by the country, most in their 43 national parks (BioParques, 2007, p. 1).

¹²⁵ At the current rate, Venezuela is losing its rain forest at an average of 0.4% per year (The Rainforest Foundation, 2004, p. 1).

who largely live in Venezuela's rain forests, and that they are the ones most directly impacted by radical changes to the environment, there was never any doubt that Chávez would address this problem. Although it was created while considering the bigger ecological picture, a contributing factor to its importance has undoubtedly been the negative impact that deforestation and ecological devastation have on the indigenous people. With the main causes of deforestation including logging, hydropower projects and mining, Misión Árbol not only plays a big role in the re-creation and sustaining of the country's environment but it also influences other "missions" as well, such as Misión Piar.

Misión Piar is "directed at local small miners and encompasses technical assistance and training, mitigating environmental impact as well as integration of small miners into the formal economy" (Globeinvestor.com, 2006, p. 1). Thus, although it supports economic growth through mining it does not (and will not) do so at the cost of environmental degradation. Working with international conglomerates, it indeed creates a two-pronged developmental approach towards mining. First, by granting the mining rights to international corporations under directives stated by Misión Piar, it allows for the environmentally friendly functioning of mines for social profit.

Working with some of the same goals as Misión Árbol (to prevent unnecessary deforestation), Misión Piar's analysis of the environmental impact of mines is taken quite a bit further. Misión Piar looks at both the immediate and the long-term effect that the mining industry could have on the environment. Taking into account a variety of ecological challenges (from deforestation to water and air pollution), it attempts to regulate an industry long known for its environmental degradation. This in itself is a

significant positive step that could hopefully lead to reform programs such as this, regulating both the oil and natural gas industries.

In addition, however, Misión Piar allows for the independent growth of mining within Venezuela by allowing companies (in this case Gold Reserve Inc. based in Spokane, Washington) to work “closely with the local community on various social issues (Globeinvestor.com, 2006, p. 1)” and “implement a support program within the framework of Mission Piar” (Globeinvestor.com, 2006, p. 1). In other words, it is a mutually beneficial arrangement for all involved (government, the Venezuelan people, and private business - because they get mining rights and positive publicity for minimal investment).

It is worth noting that Venezuela also does not only profit monetarily through this agreement. Indeed, corporations such as Gold Reserve Inc., have also committed to building healthcare centres (in Bolívar state) (Globalinvestor.com, 2006, p. 1). Although the healthcare centres will eventually become part of Misión Barrio Adentro, if it was not for Misión Piar, arguably such facilities would never have been built. Indeed it is only through Misión Piar that the mining companies are able to determine a community's needs. This in itself is perhaps the most significant aspect of Misión Piar as companies are responsible not only to the environment but also to the community in which they work.

The “mission” programs generally have played significant parts in the overall development of society within Venezuela. Either targeting poverty alleviation or the standard of living, the programs generally were constructed along the same lines (with the overall aim of improving Venezuelan society), and as such were welcomed by the

majority of the populace. Seen as contributing to the improvement of the country, the “missions” have also contributed to bringing the populace and the government closer together. They have clearly delivered badly needed social reform programs to sectors previously ignored -- and the people have responded by supporting Chávez. This can best be seen through looking at the past presidential election when Chávez was elected by a landslide (the people sent a clear message that they wanted him, and his Bolivarian reform programs, back in power for the next six years).¹²⁶ It is only when looking at Misión Miranda that the “mission” process seems to change. Unlike any other mission, Misión Miranda does not immediately affect (either positively or negatively) the populace. Instead it is a “mission” of precaution rather than action.

Under the framework of development and social justice, Misión Miranda calls for the “organization, recruitment, control, and retraining of the reserves of the National Armed Forces (FAN in Spanish), in order to contribute with the security and integrity of the geographic space of the Bolivarian Republic of Venezuela” (Embassy of the Bolivarian Republic of Venezuela in the United States, Social Missions, 2006, p. 6). In other words, it advocates both the active retraining and growth of the military. Indeed, instead of working to further improve social conditions within the country (like the rest of the “missions”), Misión Miranda solely exists as a military training program, in many ways intended to protect the social gains resulting from other programs. Thus, it acts much like a proverbial watchdog helping all of the other “missions” (both traditional and non-traditional) retain a measure of stability.

Along with the “mission” programs, the government of Hugo Chávez has also adopted a number of secondary development projects (or initiatives), such as the Rancho

¹²⁶ In the 2006 election Chávez won nearly two-thirds of the popular vote.

(Venezuelan apartments) Project currently underway in Caracas. With a 2006 goal of building 120,000 residences (the goal was originally 150,000), the project aims to provide adequate shelter to the millions who currently live in the city's slums.¹²⁷ This project was developed much in the same way as the Habitat for Humanity program (but is in no way related). After completion of the housing, the tenants are given a "grace period" to live in their new home, and then are expected to pay mortgage payments of \$16.25 a month (James, 2006, p. 1).¹²⁸ This badly needed housing development is seen as being extremely important and to date the Chávez government, has spent upwards of \$3.7 billion U.S. dollars (James, 2006, p. 2).¹²⁹

With an estimated (2006) shortfall of 1.6 million homes, housing has become one of the most pressing needs for the current government.¹³⁰ Considering that nearly one-third of the population was living without adequate housing (according to James), not only did pressure mount from Chávez's opponents, but it also came from his supporters to find a solution.¹³¹ Although perhaps not the best decision (as the homes that are built are taking much longer than anticipated), it at least shows concern for the population in need of accommodation, and helps to address the current housing problem. What ultimately might be needed is a joint housing project by the government with the private sector (an approach that so far Chávez refuses to even consider), in essence because the

¹²⁷ Chávez also developed Misión Habilidad for much of the same reasons, but unlike this program, Misión Habilidad has proven to be largely inefficient. In the past 6 years it has built less than 10,000 homes.

¹²⁸ Unlike the Habitat For Humanity program, recipients are not expected to help build their homes.

¹²⁹ The program is seen with such importance that since its inception Chávez has already had three housing ministers in two years (two did not meet set standards) (James, 2006, p. 2).

¹³⁰ With the money but not the resources Venezuela has even recently hired China to build 20,000 homes at a cost of \$1.2 billion American dollars (Chinadaily, 2006, p. 1).

¹³¹ Manuel Rosales (Chávez's opponent in the 2006 election) felt that the current program was insufficient. He said that "bureaucracy and mismanagement have doomed the effort" (James, 2006, p. 1). It appears that Chávez's supporters are also only somewhat satisfied with the current program. More help is clearly needed.

government has the money and it is simply taking too long to do it themselves.¹³²

Another program implemented outside of both the “plans” and “missions” is Chávez’s program of “social production.” It is in this program that money is loaned to businesses that would otherwise be unable to borrow from a bank (Pearson, 2006, p. 1). For a minimal fee of guaranteeing the workers’ part ownership, and in addition having the to make monthly donations to community projects, Chávez is creating a lasting economy that could not only benefit the poor but indeed all of Venezuela (Pearson, 2006, p. 1). Except for some favoritism showed to businesses involved in “social production” in the granting of government contracts, Chávez’s new program and consequent programs have been well received within the country. By showing a poverty level decline of 11% since 1997 (from 48% to 37%), he has clearly indicated that his programs (although at times difficult to understand) are not only working--but also working well (Pearson, 2006, p. 2).

Every program, “mission”, or “plan” that has just been examined exists as a result of Hugo Chávez becoming president. With both positive and negative aspects, the “missions” have developed into the major development success of the current administration.¹³³ With each program offering its own benefits, their combined results

¹³² “Housing the poor is a challenge throughout the developing world, and many Latin American nations choose market-driven solutions, offering generous home loans while relying on private developers. In Mexico, the government is working with the private sector to build a projected 750,000 homes this year” (James, 2006, p. 1).

¹³³ Recognizing the positive effect that the “missions” have had on Venezuela, the government increased its budget by 32% (or 115 trillion bolivares) to \$53.6 billion, of which 44% will be allocated towards social spending (on “missions” and programs). This is significantly larger “than the 17% previous governments used to spend, and shows why the government is popular among the poorer sections of society” (Mather, 2006, p. 1). This number, though, should be seen as the bare minimum that will be spent, as “the government currently receives almost half its income from the oil industry and the budget is based on a price of \$29 a barrel of oil. The average price a barrel in 2006 has been \$58, so the cash available to spend will probably exceed the budget plan” (Mather, 2006, p. 1).

translate into both a lowering of poverty and an increase in living conditions in Venezuela, particularly for the poor majority of the population, traditionally ignored in government development strategy.¹³⁴ Although individually unique in creation, the end results are the same, Chávez's social programs are helping the Venezuelan populace. The programs provide Venezuelans hope that a better life is possible.

¹³⁴ Chávez is allowing people to become more fiscally, emotionally, and financially independent, and that in turn has created the decrease in Venezuela's poverty. Although some "missions" are of greater value than others, it is only when looked at as a whole that the entire impact of the "missions" can be seen.

Conclusion

“There have been many changes here since President Chávez came to power in 1998: health and education facilities have improved our lives here in Petare so much. And without the president none of it would have happened. For that reason we must ensure that he is elected again” (Mather, 2006, p. 2).

Quotation from a resident of Petare¹³⁵

It is clear that under Hugo Chávez, Venezuela has changed more in the last eight years than it has in the previous forty. To a large extent this is not due to a significant change in the economic development strategy in the country. The exploitation of oil and gas reserves still constitutes the basis of Venezuela’s economy—roughly 80% of the country’s exports. Aided by high international prices, and a formula to make foreign investors pay significantly more for those resources, the Chávez government has generated significant income for his ambitious social reform programs. Here one encounters evidence of extraordinary reform, and indeed his implementation of these programs has started to bridge a wide gap between the country’s rich and poor. This thesis has shown that, since elected, he has not only improved the livelihood of many of the country’s poor, but that he has done so when many before him could not (or would not), while using a distinctly new and effective development initiative based on an unusual blend of Bolivarian and socialist beliefs. Chávez has shown that it is possible to put the poor first, and in response the poor have responded with fierce loyalty and support

¹³⁵ Petare is a barrio in Caracas (Mather, 2006, p. 2).

at the ballot box. Indeed, it is this group which makes up a large percentage (roughly two-thirds) of the populace that is responsible for Chávez currently being in office.

This thesis has also shown that there was no single justifiable explanation for the high levels of poverty within the country prior to Chávez's election. Rather, it was a combination of a number of variables including past governments, outside influences, ideologies and theories that had left the populace frustrated--to the point of electing a socialist leader. With poverty having been largely ignored for nearly 500 years, the essential question was never if the populace would vote for change, but rather when? And for whom? In 1998, following 500 hundred years of neglect, the development approach promoted by Chávez appeared to offer the people a way to a better life in exchange for accepting a new "Bolivarian"-styled government.

Created in response to need, Chávez's government has relied on a complex blend of socialist ideas and the essence of the ideology espoused by Simón Bolívar two centuries ago--both interpreted by Hugo Chávez. This has resulted in an approach that can be termed development-centred (since it provides a series of programs that the Venezuelan populace has benefited from and clearly supports). Implementing a series of rather radical "plans" and "missions", it was not long after Chávez's election that he started to fulfill his promises to the people. First under Plan Bolívar and then under Misión Cristo, Chávez began to implement a variety of social reform programs which have helped to create a broad spectrum of social improvements--everything from better healthcare programs and facilities to subsidized supermarkets and affordable housing programs. Primarily using proceeds generated from the sale of the country's oil, Chávez has not only been able to fund the programs fully, but also in some cases to expand them

(e.g. Misión Barrio Adentro 1, 2 and 3) as needed. Varying in individual effectiveness, together they form the base of the government's extremely ambitious reform program for at least the next six years. Fortunately for the Chávez government, this innovative approach appears to have very few financial limitations (they effectively have all of the money that they need, particularly if oil prices remain high, especially when considering that they currently budget barrels of oil well below the international standard at 29\$, as seen in Chapter 3).

Although catering to the poor as a priority, Chávez's programs are intended for the populace as a whole. Indeed, the only stipulation is that those using or taking advantage of them have to be Venezuelan citizens. Creating a new, distinctive Venezuelan culture, and using the populace as its centrepiece, the social reform programs constitute the crowning achievement for this relatively new government, demonstrating that it is possible under Chávez's Bolivarian government to have a viable working development model—albeit one fortunate enough to have vast oil resources (over 353 billion barrels, including heavy crude). This not only helps to show that development as a practice is not dependent on a singular political model, but also that it has the ability to differ from the traditional (and often imported) models employed by other countries, which were used in Venezuela during the last half of the 20th century. The Venezuelan approach also shows the necessity to channel the nation's resources to those sectors traditionally ignored.

Taking Venezuela's need for development and combining it with Bolivarian ideals, Chávez has created something rather distinct. Showing a knack for individualizing and prioritizing issues based solely on the people's needs, Chávez's development creation

has debunked much scepticism surrounding the possibility of incorporating a viable independent development scheme in Venezuela. Unlike the tired approaches used in past years, the Venezuelan economy is no longer influenced by outside sources or ideologies. Instead, the development model being employed is strictly home-grown. As an illustration of the significance of this major shift, one can cite the current role of the IMF and World Bank. Once important players within the country, both the IMF and World Bank have now been relegated to the status of outside observers, with extremely limited importance. As well, once a major ideological force within Venezuela, the tenets of neoliberalism (and in particular the Washington Consensus) are no longer used—and indeed are scorned. All have been chastised by Chávez for having been the ones responsible for the extensive poverty in Venezuela and for having offered decades of harmful advice. Not only have they been dismissed out of hand, but they are also mentioned constantly as reminders of past harmful policies implemented by previous governments.

Venezuelan President Hugo Chávez, in implementing his social reform programs, has found a successful formula for alleviating poverty in Venezuela. By directing the country's vast wealth into the programs, he has indeed discovered a plausible method of reforming the Venezuelan economy, and promoting the growth of the country. The only problem is that, although this model is clearly viable in Venezuela, there are extremely few developing countries that could incorporate such an elaborate development scheme due to insufficient economic resources. Thus, the Venezuelan development program may not be the answer to the development problems in many countries, although the central model of controlling natural resources and channeling profits to the benefit of the poor

majority is clearly relevant. Still it is, and will continue to be, the answer for Venezuela as long as Chávez is in office, although many continue to question its long-term effects (both socially and economically).

To say—as critics of Chávez have done in recent years—that any of the programs have shown economic mismanagement or long-term oversight is misleading at best. In a polarized country like Venezuela, strong political and ideological overtones are commonplace, and it is difficult to analyze dispassionately. As a result, and depending on one's beliefs, information may be misinterpreted or presented incorrectly in order to meet personal opinions or biases. What this thesis has shown is that it is not so much the politics of a situation that matters, but rather the ability of the government to protect those sectors that traditionally have been ignored. In addition there can be no doubt that Chávez has indeed used the nation's wealth (seen mainly in profits from the exploitation of the nation's vast oil reserves) to benefit the poor majority. Development can be accomplished using any political structure as long as the government is responsible to the people whom it serves, as ultimately the Chávez government is.

Throughout this thesis little has been said directly promoting or criticizing Chávez's political views. For the most part the analysis has attempted to remain outside of the political realm, and instead it has concentrated on analyzing the development programs created as a result of Chávez's election and his subsequent presidency. This thesis has refrained from commenting on the relevance of socialism or neo-liberalism in today's world, but rather has examined their relevance and their application in the present-day Venezuelan approach to development. Consequently, although written with a favourable stance towards Chávez's development programs, this thesis does not seek to

validate his political stance.

Venezuela has the opportunity to play a major role in Latin America's future. With a sizable mining industry, as well as substantial oil and natural gas reserves, it has the ability to influence the region's course for years to come. Whether through a united Latin American developmental initiative such as that promoted by ALBA (and seen in extensive international programs in most of Latin American), or through an individual trade group (such as Mercosur), the country indeed can, and will, play a significant role in Latin America's future. A clear indication of this is the way that Venezuela obviously influenced two key Mercosur countries to adapt social reform policies similar to those of their own. In a recent meeting, President Lula of Brazil suggested that both Brazil and Argentina (two countries with centre-left governments) should "take a leading role and address the huge gap between rich and poor" (BBC, January 19, 2007, p. 1). He later went on to add that "Without integration, Latin America has no way forward" and that "If we do not understand the imbalances among us we will walk away frustrated from every meeting" (BBC, January 19, 2007, p. 2). Thus, not only is Lula now advocating greater accountability to the poor by both Brazil and Argentina, but he is also advocating it as a necessity in order for both Mercosur and the region to grow. In essence he is also advocating an approach similar to the one currently taken by Chávez in Venezuela.

Venezuela under Chávez is an enigma with each day holding fresh surprises. Not knowing what is next in store, one is left to wonder what the future holds for Venezuela (and, by extension, Latin America). Although it is evident that Chávez will continue with his programs until completion, many questions remain as to whether some of the more liberal countries in the region will follow suit—possibly through the regional

alliance known as ALBA.¹³⁶ Another variable is whether Chávez can continue directing the amount of money that he currently does into the reform programs. Needless to say, whatever happens will affect millions--both in his country and indeed in Latin America.

In the end, it does not matter what anyone outside of Venezuela thinks of the current Chávez government; what matters is what the people of Venezuela think of the government. Having overwhelmingly elected the Chávez government to another six years in office (in December of 2006), any doubt as to the government's importance and relevance to the country should be put to rest. The Chávez government may not be the most amiable government when looked at internationally, but it is doing something that governments in the past have failed to do: it is putting the people first. After all, that is what Chávez's government was elected to do.

¹³⁶ "ALBA is a proposed alternative to the U.S.-sponsored Free Trade Area of the Americas (FTAA, ALCA in its Spanish initials), differing from the latter in that it advocates a socially-orientated trade block rather than one strictly based on the logic of deregulated profit maximization. ALBA appeals to the egalitarian principles of justice and equality that are innate in human beings, the well-being of the most dispossessed sectors of society, and a reinvigorated sense of solidarity toward the underdeveloped countries of the western hemisphere, so that with the required assistance, they can enter into trade negotiations on more favorable terms than has been the case under the dictates of developed countries" (Arreaza, 2004, p. 1)

Appendices

Appendix A
Table 1 (OPEC A)

Crude Oil Production (Composite Barrels)			
Year	Daily Avg.	Cumulative	Price Per Barrel U.S.
1917	0.3	110	
1927	165.5	134,346	
1937	508.9	1,488,615	
1947	1,191.5	4,023,175	
1957	2,779.2	10,861,641	
1967	3,542.1	22,317,352	\$10.4
1977	2,237.9	33,603,767	\$21.6
1987	1,575.5	40,533,332	\$35.4
1997	2,411.0	48,553,919	\$46.0
2005	3,128.0	57,015,301	\$77.8
Source: OPEC, Oil and Gas Data, 2005, p. 8-9			

Appendix B

Table 2 (OPEC A)

Profits (In U.S. Dollars)
Non Composite Barrels Not Included
CITGO And Discounted Oil Not Included

Years	Barrels Per Year	Price Per Barrel	Profit At 100%	Profit At 1%	Profit At 16.67%
1967	1,292,866.50	10.4	13,445,811.60	134,458.11	2,241,416.79
1977	816,833.50	21.6	17,643,603.60	176,436.03	2,822,976.57
1987	575,057.50	35.4	20,357,035.50	203,570.35	3,393,517.81
1997	880,015.00	46.0	40,480,690.00	404,806.90	6,748,131.02
2005	1,141,720.00	77.8	88,825,816.00	888,258.16	14,807,263.52

Source: OPEC, Oil and Gas Data, 2005, p. 8-9

Appendix C

Table 3 (OPEC B)

Yearly Petroleum Exports (In Billions of U.S. Dollars)	
Year	Money Earned
1979	13.633
1984	14.824
1989	9.862
1994	11.288
1999	16.068
2005	48.059

Source: OPEC, Values of Petroleum Exports, 2005, p. 1

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