

Class Strategies in Chavista Venezuela

Pragmatic and Populist Policies in a Broader Context

by
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The governments of Hugo Chávez and Nicolás Maduro responded to the opposition's attempts at regime change by implementing pragmatic policies favoring businesspeople who refused to participate in destabilization actions, as well as populist social measures benefiting the nonprivileged. Both sets of policies have to be placed in political context. The characterization of allegedly pro-government businesspeople as a new ruling elite referred to as the boliburguesía fails to take into account the sharp tensions between them and the Chavista leadership. The primary importance of social programs in the Chavista political triumphs over an extended period of time and of the periodic initiatives that sparked life into individual programs implicitly rules out claims regarding the government's failure to alleviate poverty or achieve other social objectives. The Chavista governments failed to take full advantage of favorable periods and junctures when the opposition was demoralized following defeats in order to correct the negative side effects of pragmatic and populist class policies, such as bureaucratization and crony capitalism.

Los gobiernos de Hugo Chávez y Nicolás Maduro respondieron a los intentos de la oposición por el cambio de régimen implementando políticas pragmáticas que favorecían a los empresarios que se negaban a participar en acciones de desestabilización, así como medidas sociales populistas que beneficiaban a los no privilegiados. Ambos conjuntos de políticas deben situarse en un contexto político. La caracterización de empresarios supuestamente progubernamentales como una nueva elite gobernante conocida como la boliburguesía no toma en cuenta las fuertes tensiones entre ellos y la dirigencia chavista. La importancia primordial de los programas sociales en los triunfos políticos chavistas a lo largo de un período prolongado y de las iniciativas periódicas que avivaron los programas individuales contrarresta la afirmación sobre la incapacidad del gobierno para aliviar la pobreza o alcanzar otros objetivos sociales. Los gobiernos chavistas no aprovecharon al máximo los períodos y coyunturas favorables cuando la oposición se desmoralizó tras las derrotas con el fin de corregir los efectos negativos de las políticas pragmáticas y populistas, como la burocratización y el capitalismo amiguista.

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On various occasions, Venezuelan President Hugo Chávez explained his government's radicalization in the face of the opposition's insurgency by quoting Marx's statement "The revolution sometimes needs the whip of counter-revolution to push it forward." Nevertheless, the hostile actions of Chávez's adversaries sometimes had the opposite effect—pressuring his government and that of his successor Nicolás Maduro into modifying programs and positions and even making concessions. In these cases, the government's aim was to neutralize some sectors of the population and win over others in order to block the opposition's attempts to achieve regime change. More specifically, the government's response to the challenges posed by the "disloyal" opposition consisted of pragmatic policies favoring members of the business sector as well as populist measures benefiting the nonprivileged.¹ An example of the former was the government's preferential treatment of businesspeople who had refused to join the two-month general strike of 2002–2003 initiated by the anti-government business organization Federación de Cámaras de Industria y Comercio (Federation of Chambers of Industry and Commerce—Fedecámaras) to force Chávez out of office. An example of the latter was the maintenance of highly subsidized prices for basic commodities along with a highly overvalued currency put into effect following the general strike, a system that favored the popular sectors but eventually undermined national production.

The government's pragmatic strategy toward the private sector and populist strategy toward nonelite sectors, adopted in response to attempts at destabilization and regime change, set in place patterns that were difficult to modify at a future date. Populist measures, for instance, created expectations among the general populace, which considered the resultant benefits a basic right. Members of the middle class who received preferential dollars to travel abroad as tourists, which in time became a virtual handout, reacted in a similar fashion. Consequently, the prioritization of populist programs could not readily be discarded in favor of efforts to stimulate productivity and industrial development, even when the discourse of Chávez and then Maduro began to emphasize those goals.

At no time during the extended Chavista rule did the opposition abandon its hostile stance toward the government, which in turn was reluctant to abandon its pragmatic and populist policies. Beginning in 2006, the political setting changed as the traditional business sector began to accept the government's legitimacy and the opposition parties abandoned their rejection of the electoral process. With the appearance of political stability and government hegemony, the context in which class policies were first adopted appeared to have become irrelevant. Nevertheless, the opposition hardly ceased being "disloyal" in that it continued to question government legitimacy in ways that sometimes led to violence, while disinvestment from the private sector continued to generate economic and political instability. In 2014 and again in 2017, the opposition promoted nationwide civil disobedience and street violence (known as the *guarimba*) that lasted four months with the aim of achieving regime change.

Political analysts have largely failed to grasp the cause-effect relationship between the threats posed by a "disloyal" opposition and the implementation of pragmatic and conciliatory policies toward members of the business sector. There are several reasons for this oversight. In the first place, critics depicted

Chávez as a caudillo who was impervious to pressure from constituents and particularly hostile to the private sector (Corrales, 2011: 89–90; Corrales and Penfold, 2011: 160–162; Sánchez García, 2015: 67, 92–94). In the second place, the ongoing political and social polarization in Venezuela, the highly charged rhetoric of Chávez and Maduro referred to by one scholar as a “Manichaeian worldview,” and the Chavista mobilization strategy belie the understandings and agreements between the government and powerful interest groups (Hawkins, 2010: 50–85). In the third place, Chávez’s point of honor from the outset was his repudiation of the pacted democracy based on agreements with elites known as the Pacto de Punto Fijo, which had underpinned the nation’s political system in the decades prior to his accession to power in 1998.

Much of the analysis of the motives and the character of the populist policies that favored nonelite sectors in Venezuela has also been less than rigorous (see discussion by Stavrakakis et al., 2016: 69–71). Most important, many writers, including some on the left side of the political spectrum, fail to take into account contextual factors in their analysis of the government’s relations with different social groups. Harsh critics of the Chavista phenomenon, for instance, dwell on crass populism and corruption while passing over the intense pressure from powerful groups to which the government was submitted (Corrales and Penfold, 2011: 144–149). In addition, their characterization of government social programs as populist in the pejorative sense is one-sided in that they fail to acknowledge positive features such as the encouragement of community participation and the resultant sense of empowerment. Moreover, they omit from the discussion the knotty issue of under what circumstances the distribution of free or highly subsidized goods and services may be considered justifiable.²

The contextualization of the Chavista government’s pragmatic and populist strategies is especially important for understanding the political and economic crisis the nation faced beginning in 2014. Four months of street confrontation in that year and again in 2017 resulted in scores of deaths, inflation reached three digits in 2014 and four digits in 2017, and a multitier system of exchange rates produced long lines of consumers for the purchase of basic commodities at subsidized prices and also led to widespread scarcities. The economic problems were due in large part to the plunge in oil prices beginning in mid-2014 and the decision of business groups to disinvest, triggered by Presidents Obama and Trump, who publicly declared Venezuela a threat to U.S. national security. Nevertheless, Maduro bore responsibility for the economic hardships as well. The Venezuelan president responded to the nation’s economic challenges lethargically, particularly with regard to the need to adjust price and exchange controls that lent themselves to speculation, contraband, and corruption. The errors, while reflecting leadership weakness, have to be considered in the context of an all-out war waged by adversaries that raised the political price to be paid for any short-term hardships produced by bold but necessary policies.

The article’s discussion of pragmatic and populist strategies raises other issues that are central to understanding the Chávez phenomenon. One of the major ones is the amicable relations between the Chavista government and emerging businesspeople and to what extent the latter played a progressive role in the context of Venezuelan politics and economic development. In addition, the article will

attempt to determine whether the pragmatic and populist policies were mainly reactive and defensive or were designed to contribute to the achievement of strategic and ideological goals of the Chavista movement.

In short, the article looks at government concessions to social groups, mainly the business class and popular sectors. In doing so, it demonstrates the complexity of class relations under the Chavistas, a dynamic that is generally ignored both by those who emphasize caudillismo, opportunism, and crass populism and by pro-leftists who dwell on Chávez's visionary qualities.

GOVERNMENT-BUSINESS RELATIONS UNDER CHAVISTA GOVERNMENTS

At the outset of Chávez's presidency in 1999, Fedecámaras broke with its policy dating back to its founding in 1944 of avoiding direct and open involvement in political activity—as opposed to participation in government-created commissions dealing with economic issues. At the time, its president, Vicente Brito, toured the nation with the organization's future president Pedro Carmona to oppose ratification of Venezuela's new constitution. Subsequently, Fedecámaras under the direction of Carmona proposed a general strike, which was then adhered to by the Confederación de Trabajadores de Venezuela (Venezuelan Workers' Confederation—CTV) and carried out on December 10, 2001. The protest led into the ill-fated April 11, 2002, coup in which Carmona became provisional president. As part of a face-saving narrative for Fedecámaras, its subsequent acting president Carlos Fernández claimed that Carmona had acted on his own, without consulting the organization, during the April 11–13 events, a version promoted by the journalist Patricia Poleo but refuted by Carmona (Carmona, 2005: 119; Ellner and Rosen, 2002: 12–13). Actually, Fedecámaras's insurgent behavior was reaffirmed in December of the same year when Fernández emerged as the key actor in promoting a two-month general strike in favor of regime change.

The issue of relations with the business sector has always been a source of tensions within the Chavista movement, thus explaining its contradictory stance of demonizing the "bourgeoisie," on the one hand, and calling for an alliance with "productive" businesspeople, on the other. Even before Chávez's election in 1998, two currents within the Chavista movement upheld distinct positions with regard to relations with traditional economic groups. During the 1998 campaign, the businessman and old-time leftist Luis Miquilena, who was the finance director of the Chavista party *Movimiento Quinta República* (Fifth Republic Movement—MVR), received contributions from well-established business interests including Banco Bilbao Vizcaya of Spain (Brading, 2014: 54).³ A second current viewed large economic groups with suspicion. Consistent with the latter position, Chávez insisted that although raising money was necessary in order not to "disappear" from the communications media, the issue of campaign contributions for the 1998 elections was "very new and dangerous terrain." He added that they largely came from makeshift activities such as auctions and the raffling off of animals and that "clandestine" donations were not accepted (Blanco Muñoz, 1998: 501–507).

As president, Chávez reacted to Fedécamaras's growing hostility by establishing ties with friendly businesspeople and distancing himself from the organization's leadership. He openly allied himself with Alberto Cudemus, who was defeated by Carmona in Fedecámaras's internal elections for president in July 2001 (Carmona, 2005: 36). In the events leading up to the April 2002 coup, Chávez, according to Carmona, tried to divide the business sector by meeting with some of its representatives while excluding others. At the time, Carmona proposed a compromise solution that would have watered down the government's reformist and nationalistic legislative package in order to avoid confrontation. The initiative was spurned by the presidential secretary Diosdado Cabello but encouraged by others. The latter group included Miquilena, who defected to the opposition at the time of the coup, but also the head of the Venezuelan Corporation of Guayana and the future three-time governor of the state of Bolívar, Francisco Rangel Gómez (Carmona, 2005: 47–50). This divergence within the Chavista leadership is indicative of the government's vacillations with regard to relations with Fedecámaras and the private sector in general.

The decision to privilege "friendly" businesspeople was largely forced on Chávez by the general strike of 2002–2003, when their collaboration, particularly in the area of transportation, was essential to the government's survival. In the wake of that conflict, Chávez established a system of currency exchange controls and announced that businesspeople who had participated in the strike would not qualify to receive "preferential dollars" used for the purpose of importing merchandise. The government's efforts to counter the traditional bourgeoisie grouped in Fedecámaras set in motion the emergence of new business interests, many of which began with little capital.

The government's policy of preferential treatment of "friendly" businesspeople led it to establish close ties with business organizations that were led by Chavista sympathizers outside the fold of Fedecámaras and its ally federations. One example was the *Federación Bolivariana de Ganaderos y Agricultores* (Bolivarian Federation of Cattlemen and Agriculturalists—Fegaven), which was headed by Balsamino Belandria, whose friendship with Chávez dated back to his release from prison in 1994 and who led an effort by small agricultural producers to break the general strike of 2002–2003 (Chávez, 2003: 196). Another was *Fedeindustria*, which was founded several decades before to group small and medium-sized businesspeople and whose slogan became "productive socialism." The federation since 2001 was headed by Miguel Pérez Abad, who was formerly a sympathizer of the social-Christian COPEI party but joined the Chavista *Partido Socialista Unido* (United Socialist Party—PSUV) and aspired to run for office before briefly serving as minister of industry and commerce in 2016. A third organization was *Empresarios por Venezuela* (Businesspeople for Venezuela—Empreven), founded in 2002. Its president Alejandro Uzcátegui lashed out at Fedecámaras for maintaining intransigent positions. He attempted to persuade business groups including multinationals to collaborate on government-sponsored projects such as the housing construction program *Misión Vivienda*. Other business federations close to the Chavista government included the *Cámara Bolivariana de la Construcción* (Bolivarian Chamber of Construction) and the *Federación Venezolana de Porcicultura*

(Venezuelan Federation of Swine Production), led by Cudemus. At the International Labor Organization's 2004 convention, Fedecámaras president Albis Muñoz denounced the government's efforts to promote parallelism as a violation of "trade union and proprietary liberty."⁴

Chavista discourse defined the "responsible" private sector as businesspeople who accepted a moderate rate of profit. The concept was embodied in the Organic Law of Just Prices, which capped profits at 30 percent. The law was promulgated in January 2014 at a time when the Maduro government was attempting to clamp down on price speculation by inspecting and occupying business establishments. In the following months, however, the opposition-promoted civil disobedience and violence known as the *guarimba* prompted the government to meet with private-sector representatives including Fedecámaras. As a result, the government modified its approach and the cap on profits largely lost relevance.

Another "responsible" business practice, according to the Chavistas, consisted of business undertakings in nonaffluent communities and other investments favoring popular sectors of the population. The Law of Public Contracts of 2009 made projects of this type mandatory, while several years later another law required large companies to deposit 3 percent of the worth of public contracts in a "social responsibility fund." Along similar lines, the Law of Banks of 2001, which was one of 49 simultaneously passed decree laws, obliged banks to finance priority economic activities at preferential interest rates (Chávez, 2003: 335). Finally, both Chavista leaders and pro-Chavista business federations exhorted "productive" businesspeople to support the government's policy of economic nationalism by exporting to nations belonging to Mercosur.

The diverse objectives that lay behind the government's strategy toward the private sector raise a basic question: To what extent were the special relations with "friendly" businesspeople designed to promote a new class as part of a long-term vision of economic transformation and to what extent was the preferential treatment an expedient or defensive response to threatening political circumstances? While all democratic governments react to pressure from interest groups by making concessions, the pragmatic measures adopted by the Chavistas were in response to a more extreme situation. More than just pressuring the government to implement specific policies, the political opposition and the economic elite were attempting to achieve regime change. For the casual observer, the Chavista government had neither the inclination nor the intention to negotiate or appease the political opposition and business groups. Up until 2015, the Chavistas had the upper hand with an unprecedented string of electoral triumphs and an impressive mobilization capacity while the opposition refused to recognize the government's legitimacy. Chávez's aggressive discourse against the opposition would also appear to rule out a strategy of concessions to anyone in the business class.

The *reactive* motivation designed to neutralize the private sector took precedence over and was more successful than the *strategic* one based on a long-term vision of transformation driven by the rise of a new socialist-friendly business class. Many businesspeople who benefited from government connections were not ideologically motivated and opposed Fedecámaras only because they believed that the private sector should avoid political partisanship (Mander,

2008). The most important end result of the government's strategy was not the consolidation of a bloc of reliable allies in the private sector but the emergence of businesses of all sizes whose owners rejected the openly hostile political position of Fedecámaras.⁵ As tentative as this support may have been, it bolstered the government's position in the face of powerful internal and external adversaries.

The Chavista government was unable to promote the growth of a "progressive, anti-imperialist bourgeoisie," as advocated by Communists and other leftists in the twentieth century. The Communists of those years envisioned a strategic alliance between the left and a sector of the business class in order to achieve economic development and sever ties of dependency.⁶ In contrast, the Chavista support for "productive businesspeople" was intended not so much to combat foreign capital through such policies as import substitution as to counter Venezuelan capitalists grouped in Fedecámaras, the most visible being the agribusiness magnate Lorenzo Mendoza. Furthermore, the productivity of the "productive" businesspeople was limited in that they did not invest significantly in technology, nor did they assume great risks as bona fide capitalists do. On the contrary, they were highly dependent on government support, particularly in the form of preferential dollars.⁷

Government critics claimed that the allegedly pro-Chavista business sector constituted, in the words of one leading political figure, a "new caste governing the country," sometimes referred to as the "boliburguesía" (Silva Michelena, 2014: 317; Tablante, 2014; 2015: 244–256).⁸ This characterization, however, fails to take into account the sharp ongoing tensions between the Chavista government leaders and their "allies" in the private sector, many of whom came to assume highly critical positions.

There are good reasons that the relations between the Chavista government and the private sector cannot be compared to the solid links between big business and, for example, the U.S. Democratic and Republican Parties.⁹ The ties between the Chavistas and the private sector, including emerging business groups, were tenuous, and their alliances were characterized by instability and vacillations. Specific features of the Chavista government alienated businesspeople of all political stripes: redistributive reforms, social policies that promoted empowerment among the popular sectors, and efforts to achieve structural transformation. Moreover, both traditional and emerging business interests felt threatened by certain government actions, such as the numerous expropriations under Chávez and the inspection and occupation of business establishments under Maduro. Similarly, the policy of exchange controls first implemented by Chávez in 2003 impedes the ability of businesspeople to convert their profits into dollars to send abroad, as Third World capitalists are prone to do. In addition, the Chavista anticapitalist, socialist rhetoric cannot be favorably viewed by the owners of any fair-sized business, be it a traditional one or one of recent origin. Finally, the Chavistas in power have for the most part refrained from naming business representatives to cabinet posts, in contrast to the governments prior to 1998.

The use of the term "boliburguesía" also glosses over the fact that the allegedly pro-Chavista businesspeople hardly constituted a monolithic group. Political diversity was a salient feature of the non-Fedecámaras businesspeople.

The allegedly pro-Chavista “socialist” businessmen ranged from members of the PSUV, in the case of Pérez Abad, to those who had supported the 2002 coup against Chávez, in the case of Gustavo Cisneros.¹⁰ Located in between these two extremes were businesspeople like Cudemus, who were labeled “Chavista” but expressed sharp criticism of some government economic policies and were, in fact, in neither the Chavista nor the anti-Chavista camp. Cudemus criticized the Maduro government for legislation capping profits and providing job security, failing to take into account recommendations from the private sector, excessive printing of currency, bureaucratic expansion, and nonpayment of debts. Maduro harshly responded to Cudemus’s critical remarks. Also located outside of the Chavista camp was Raúl Gorrín, who helped purchase and became president of the staunchly anti-Chavista channel Globovisión in 2013. The new owners, who were accused of being “Chavistas,” pledged themselves to provide balanced coverage, but the channel became increasingly critical of the government.

The loyalty and political alignment of many boliburgueses, particularly those with ties in the United States, were hazy. Some invested heavily in South Florida and in a few cases maintained a conspicuous presence there, even though important local Republican Party politicians and representatives of the Venezuelan community threatened to take action against them. Their presence in an area that was a hotbed of anti-Chavista sentiment led some Chavistas to doubt the authenticity of their supposed political sympathies. The commissioners of Miami, for instance, declared Gorrín persona non grata following his purchase of Globovisión. About the same time, former Assistant Secretary of State Otto Reich warned “Chavista” investors that the U.S. government was considering probing the origins of their holdings. The threats were not empty ones. In 2009, the alleged Chavista businessman Franklin Durán was sentenced to four years in prison in the United States for failing to declare himself a foreign agent, while the Venezuelan state ordered the freezing of his investments in that country and the expropriation of his main company, the petrochemical firm Industrias Venoco. His two close supposedly Chavista associates, who were also indicted in the United States in a related case, collaborated with the FBI in offering testimony against Durán. The same pattern was exemplified by the case of Eligo Cedeño, whom the Venezuelan opposition accused of being a corrupt boliburgués. The Venezuelan government jailed Cedeño on corruption charges, after which he fled to the United States, where he received special treatment (facilitated by the U.S. embassy in Caracas, as reported by Wikileaks) and became an ardent anti-Chavista operative.

In another example of diversity, not all Venezuelan businesspeople who maintained friendly relations with the government had accumulated all their capital under the Chávez presidency. Some had had considerable wealth prior to Chávez’s election in 1998. This was the case with several important businesspeople: Gustavo Cisneros, whose detractors accused him of striking a deal with Chávez in 2004, after which the famed businessman allegedly supported the government’s closing of his TV channel’s main competitor Radio Caracas; Alberto Volmer (from one of the nation’s wealthiest traditional families); textile magnate Marcos Zarikian; and Victor Vargas (whom anti-Chavistas called “Chávez’s preferred banker”). Others such as Ricardo

Fernández Barrueco, who became the leading member of the boliburguesía following the 2002–2003 general strike, had amassed a modest amount of capital prior to 1998.

The government's principal accomplishment in its strategy toward the private sector was the emergence of businesspeople who refused to participate in the campaign to undermine the government. One major example of the relative political success of the Chavista strategy was in the area of the communications media. The coverage of the television channels Venevisión, Televen, and Globovisión and the newspapers *El Universal* (formerly pro-business) and *Últimas Noticias* went from conservative and radically anti-Chavista to relatively balanced.¹¹ In most cases, government advertising undoubtedly influenced the change in editorial line, while the role of state capital and that of investors with ties to the government have been sources of speculation. In addition, the government permitted the sale of *El Universal* by the family that had founded it in 1909 to a Spanish investment company in spite of legal restrictions on foreign ownership of the media.

The change of ownership of one of Venezuela's major banks, Banesco—formerly Banco Unión—also represented a political success for the Chavista government. As president of the Banking Association of Venezuela, Banco Unión's owner, Ignacio Salvatierra, viewed with favor the coup and the general strike of 2002–2003. His successor at the helm of Banesco was the billionaire Juan Carlos Escotet, who maintained cordial relations with Chávez and was labeled a boliburgués. As noted by the *Forbes* contributor Ricardo Geromel (2013), Banesco benefited from the Chavista government's social programs in accordance with Chávez's policy of providing preferential treatment to nontraditional, non-Fedecámaras businesspeople. The case of Banesco supports this article's thesis that the government's strategy was to neutralize, not win over, members of the private sector and that "socialist" businesspeople hardly represented a new ruling "caste."

The relations between the emerging business sector and the traditional one were ambiguous and at times conflictive, a phenomenon that was hardly new in Venezuela. Strong tensions had developed in the 1970s between a nascent bourgeoisie referred to as the Twelve Apostles (one of whom was Gustavo Cisneros's father, Diego Cisneros) and the traditional bourgeoisie. At the time, members of the governing Acción Democrática (Democratic Action) party favored using windfall oil revenue to foster the growth of a new business class in order to displace the traditional bourgeoisie, which was considered antinationalistic and responsible for the nation's backwardness (Ortiz, 2004: 79–81; Zapata, 1995).

Several empirical studies suggest that many "Chavista" businesspeople who used their political influence to apply for preferential dollars to pay for bogus imports were in fact front people for traditional economic groups and foreign corporations (CiudadCCS, 2016; Gavazut, 2014). Indeed, the multinationals had worldwide experience in this type of manipulation and international networks that facilitated spurious documentation for imports. The opposition pointed the finger exclusively at "Chavista" businesspeople for the corruption stemming from the exchange control system, overlooking broader business involvement in the illicit activity.

Chávez's policy of excluding businesspeople who had supported the 2002–2003 general strike from benefits such as preferential dollars, contracts, and state credit pressured Fedecámaras into moderating its position, a revision that also represented a political success for the Chavistas. The federation's election in 2005 for the successor to Albis Muñoz as president marked a turning point, as all three business candidates called for dialogue with the government. The winning candidate, José Luis Betancourt, declared, "The nation wants peace, so let's set aside the confrontation" (Bonilla, García Chacón, and Lauriño Torrealba, 2006: 169; Corrales, 2011: 77). The federation's change of position demonstrated the overriding importance of state resources for the private sector.

Fedecámaras's more conciliatory public stance was also a reaction to the critique of opposition leaders who blamed the private sector for the nation's political deterioration. Specifically, they alleged that Fedecámaras's incursion into politics in the age of neoliberalism in the 1990s promoted antiparty sentiment, which in turn contributed to Chávez's rise to power. In addition, they attributed the failure of the 2002 coup to Fedecámaras's poor political judgment and the lack of input from political party leaders during those critical days. These criticisms convinced many business leaders that it was better for the organization to distance itself from everyday politics.

Fedecámaras broke with the opposition by accepting the government's call for dialogue to overcome the political crisis both at the time of the *guarimba* in 2014 and in 2016, during a period of acute shortages due to hoarding and contraband. Some members of Fedecámaras as well as the opposition criticized the federation's president Jorge Roig for agreeing to negotiate with the government in 2014. Roig responded by saying, "Don't pressure me by saying that our children are marching and you are in Miraflores [the Presidential Palace] . . . because my role is not to participate in the *guarimba*" (*El Nacional*, April 30, 2014).

The Maduro government, for its part, adopted a more conciliatory position toward Fedecámaras and in doing so tacitly recognized that the emerging business sector was not about to become a productive force capable of replacing traditional economic groups. In one concession to the private sector in 2014, the government accepted Roig's insistence that the campaign against hoarding, price speculation, and contraband (known as the "economic war") not be turned into a "media show." As a result, the government, in contrast to its practice in the months prior to the municipal elections of December 2013 (handsomely won by the Chavistas), generally refrained from revealing the specifics about the arrest and prosecution of businesspeople. This relative moderation undermined the credibility of its efforts against the "economic war" and the popular support that the all-out campaign against business hoarding had generated the previous year. Nevertheless, following his appointment as attorney general in August 2017, the Chavista loyalist Tarek William Saab ordered the arrest of numerous executives of the state oil company PDVSA, businesspeople, and political leaders in both pro- and antigovernment camps in a sweeping anticorruption campaign. In public appearances Saab, who evidently had the blessing of Maduro, furnished details of his probes into such activities as money laundering and fraudulent commercial transactions.

In light of the limited economic potential of emerging businesspeople, a current within the Chavista movement favored what could be called a “strategic alliance” with the private sector as a whole in order to promote economic growth and help sever dependence. Temir Porras (who headed various important state financial institutions) and Víctor Alvarez (an economist and former minister of basic industry and mining) were among the most prominent advocates of prioritizing national capitalist production by limiting imports and downsizing the state sector (Alvarez, 2015: 156–157).

Porras recommended what he called “pragmatic” policies for confronting the Maduro government’s complex economic predicament even though they did not advance Venezuela toward socialism. He also proposed that Maduro reject collective leadership as had Chávez before him and that he adopt the strategy of winning over the middle class in order to increase Chavista electoral support to far more than 50 percent (Porras, 2015). Porras, who was educated in France, had connections with financial interests known as the “French Group” that had placed advisers in the Planning Ministry. The long-standing hard-liner Planning Minister Jorge Giordani clashed with and denounced the French advisers, who called for austerity policies in response to the nation’s pressing economic problems (Jorge Giordani, interview, Puerto de la Cruz, February 2, 2015). Maduro removed Porras from his executive positions (as he did Giordani), while Pérez Abad, the only business representative to hold an important public office, lasted but seven months as minister of industry and commerce (and subsequently was appointed president of a state bank). As minister, Pérez Abad had called for the privatization of unprofitable, nonstrategic state companies, a proposal that the hard-liners (such as former Foreign Affairs Minister Elías Jaua) considered contrary to Chávez’s legacy (Alvarez, 2016). The fate of Porras and Pérez Abad was indicative of the tensions and distance between the private sector, including “productive businesspeople,” and the top Chavista leadership.

The above discussion demonstrates the fallaciousness of the thesis that the so-called *boliburguesía* was “Chavista” and represented a ruling caste. The assertion ignores the ideological differences separating the group as a whole and the Chavista leaders, as well as the eventual defection of many of its members (including its two most influential bankers, Juan Carlos Escotet and Víctor Vargas, in the latter years of Maduro’s first administration). The Chavista movement’s rank and file, for its part, questioned the political loyalty of the “pro-Chavista” businesspeople (thus explaining Pérez Abad’s unfulfilled political ambitions), was critical of the lifestyle of some of its members, and considered others *infiltrados* (infiltrators). The *boliburguesía* thesis also fails to take into account the fate of prominent Chavista figures who favored closer ties with the private sector in the form of a strategic alliance (Brading, 2014: 59–60). These Chavistas ended up defecting to the side of the opposition (as did Miquilena and former Interior Minister and Foreign Affairs Minister Luis Alfonso Dávila) or were marginalized within the Chavista movement (as were Porras and Alvarez). In short, the alliance between the Chavista governments and the “pro-Chavista” sector of the business class was, at best, an uneasy tactical one and was forged, at least in part, because of the repeated efforts to destabilize the nation.

POPULISM AND SOCIAL PROGRAMS

As was the case with Chávez's pragmatic strategy with regard to the private sector, the Chavista government's social policies, such as the flagship social programs known as the "missions," have to be placed in political context, particularly in connection with the events of 2002–2003. The missions were located principally in popular sectors and consisted of makeshift programs in diverse areas, mainly health, known as Barrio Adentro (staffed for the most part by Cuban doctors), education (Misión Robinson for literacy, Misión Ribas for high school students, Misión Sucre for university students), and housing, with an emergency construction program that Chávez initiated in 2011. The Chavistas were well aware that the government's social concerns solidified popular support that manifested itself in the form of mass mobilizations (Hawkins, 2010: 201); pro-government demonstrations made possible the defeat of the two insurgent attempts staged in 2002–2003 and the guarimba protests and opposition marches of 2014 and 2016–2017.

After 2002, political discourse in Venezuela revolved around the Chavista government's social programs. The Chavistas repeatedly argued that if the opposition parties returned to power, they would scrap the programs. Until 2006, the veracity of this claim could not be doubted as opposition leaders pejoratively characterized the government's social policy as populist and supported the efforts of the Federación Médica Venezolana (Venezuelan Medical Federation—FMV) to expel Cuban doctors from the nation (Hawkins, 2010: 209). The presidential campaign of 2006 and even more so that of 2012 marked a change in the opposition's strategy and a tacit acknowledgment of the overriding political success and importance of the programs. Antigovernment candidates, pressed by campaign advisers, distanced themselves from the FMV's position and pledged to improve social programs rather than eliminate them, partly by encouraging the participation of private capital (Gil Yepez, 2011:154).

The centrality of social programs to the political survival of the Chavista government undoubtedly shaped the way they were implemented and the priorities that were set. Most important, the Chavistas stressed social objectives over economic ones, a priority that predated Chávez's assumption of power.¹² The Chavistas' 1996 manifesto "Agenda Alternativa Bolivariana" emphasized social over economic goals and criticized the "compensatory" measures "designed to dampen the impact" of neoliberalism (MBR-200, 2014: 50). This preference was evidenced in Chávez's presidential campaign in 1998 and the public discussion the following year over the promulgation of the Constitution of 1999, which emphasized social rights and democratic transformation while devoting relatively little space to economic matters (Blanco Muñoz, 1998: 623). Indeed, Chávez's disdain for technocrats lacking in social concerns—symbolized by the PDVSA white-collar employees he fired for supporting the general strike in 2002–2003—became a standard feature of Chavista discourse, thus manifesting the emphasis on social and political objectives as opposed to economic productivity (Myers, 2014: 239–240).

In addition, certain social program practices adopted by the government were designed to appeal to the Chavistas' social base, consisting of the marginalized sectors of the population, whose immediate and active support was

considered a political imperative.¹³ The implementation of the social programs, such as the education missions and the community council projects, was characterized by flexibility. The rationale was to avoid discouraging recipients, taking into consideration that members of the marginalized sectors, unlike those of the formal economy, largely lacked organizational experience and discipline. One social program director described the policy as giving people “the benefit of the doubt” rather than the strict enforcement of rules and regulations (Ellner, 2009: 14; Strønen, 2017: 170–173).

The banner of payment of the “social debt,” raised by Chávez before 1998 and consisting of reparations for the superexploited, had a special appeal for the marginalized sectors (Blanco Muñoz, 1998: 623). It served to justify the practice of distributing free or heavily subsidized goods and services, which became a salient feature of the government’s social programs and which the Chavistas often associated with the new model they were creating. Examples of free products were laptops and tablets for students and expensive medicine, while highly subsidized goods included books, smart phones, and houses. Not only opposition leaders but some Chavistas questioned the soundness of this approach (Sutherland, 2015: 204). In a television interview, the leading Chavista intellectual Luis Britto García stated that “the Chavista discourse has possibly failed in the process of constructing new values. . . . Many people view [socialism] as an enormous downpour of extraordinary things: gifts in the form of a house, taxis, tablets as people grow accustomed to receiving without any contribution [on their part]” (Salcedo Malavé, 2016).

The policy of distribution of free and highly subsidized goods lends itself to the argument put forward by Kurt Weyland and others that the social programs of populist governments such as those of Chávez are inherently unsustainable and suffer from “weak planning” and “deficient implementation” (Corrales, 2011: 89–91; de la Torre and Arnson, 2013: 26; Weyland, 2013: 128–130, 143). Other political analysts and activists characterize specific social programs in Venezuela as extremely deficient if not complete failures and as expressions of crass populism (Merino, 2008: 86). Thus, for instance, the FVM’s position condemning the Barrio Adentro mission as a waste of money remained unchanged over the years, as did its questioning of the professional competence of the Cuban doctors who staffed it. Similarly, Víctor Maldonado, executive director of the Chamber of Commerce of Caracas, argued that the government-sponsored food distribution program known as the Comités Locales de Abastacimientos y Producción (Local Supply and Production Committees—CLAPs) “impedes prosperity” (*El Universal*, October 10, 2016).

Nevertheless, the political and social dimensions of the Chavista governments’ social policy raise knotty issues that the sweeping critiques based on the concepts of populism, clientelism, and sustainability tend to overlook or simplify (Ciccariello-Maher, 2016: 108–109). The most important social programs were launched largely in response to opposition-promoted insurgency, and thus political context is a logical starting point for analyzing them and determining their possible weaknesses. A contextual analysis to explain the Chavista governments’ populist policies would underline the importance of various interrelated factors: Fedecámaras’s support for regime change, the sharp increase in oil-derived revenue, the government’s prioritization of social

programs over economic development, and the government's encouragement of cheap imports that favored the popular sectors over national production. Needless to say, this analytical approach does not rule out or minimize the seriousness of the polemical and negative aspects of the Chavista social programs: bureaucratic lethargy and inefficiency, prioritization of quantity over quality, and failure to set the stage for institution building.

The social programs contributed in a major way to the unprecedented successes of the Chavista government on the political front, ranging from a record number of electoral triumphs to ongoing mobilizations and the failure of the opposition protests of 2014 to spread to popular neighborhoods. The primary importance of the social programs in the Chavista political triumphs—as discussed above—over such an extended period of time would implicitly rule out the claims that these government initiatives have failed to alleviate poverty or achieve other social objectives. The following features of the programs help explain this political success, which in turn sheds light on their relative effectiveness from a social viewpoint:

Duration. The major social programs have become standard features of life in Venezuela, particularly in popular urban and rural areas. The missions Barrio Adentro, Misión Ribas, and Misión Sucre were founded in 2003, while the community councils date back to the Community Council Law of 2006. The ongoing life of the community councils contrasts with the experience of the worker cooperatives, which proliferated in the early years of the Chávez presidency. The cooperatives generated considerable enthusiasm and resulted in over 100,000 registrations, but the program petered out after 2006 when official attention and resources shifted to the community councils.

Periodic initiatives. New benefits and innovations, often under the slogan *reimpulso* (new push forward), helped overcome lethargy and infuse life into individual social programs. They also enhanced the credibility of the Chavistas' discursive claims regarding their commitment to the underprivileged. The renovation, transformation, and diversity of functions of the community councils are illustrative of this dynamic. The Organic Community Council Law of 2009, which replaced the one of 2006, restructured the councils in order to ensure collective decision making. Around the same time, the government began to promote the creation of *empresas de producción social* (social production companies—EPSs) under the sponsorship of the community councils in such areas as gas distribution, construction, public transportation, and manufacturing of cement blocks. Several years later it encouraged the creation of “*comunidades*,” which grouped community councils in a larger area in order to execute more ambitious projects. With the inauguration of the new housing mission in 2011, the community councils were designated to choose some of the program's beneficiaries on the basis of need (recipients of both new houses and material for renovation purposes). When Maduro began to emphasize the goal of “food sovereignty” in 2015, the government prioritized allocations to community councils with agriculture-based EPSs. As part of the same effort, community councils participated in the government's house-to-house food distribution program.

Empowerment and participation. The government's allocation of resources and distribution of goods channeled through the community councils encouraged

participation. Government programs were a catalyst for attendance at community council “citizen assemblies,” whose numbers did not decline noticeably over time (Jorge Arreaza, interview, Barcelona, Venezuela, January 25, 2016). The meetings reached important decisions, such as the selection on the basis of need of the beneficiaries of different housing programs. In addition, community members were informed about such details as the delivery dates and cost of basic food items supplied by the Ministry of Food, created in 2016. The citizen assemblies also decided upon priority public works projects.

Effectiveness at the personal level. The mass participation that the social programs have elicited over an extended period of time contradicts the claim that they have failed to achieve concrete objectives and have been veritable failures. President Chávez, for instance, announced the launching of Misión Sucre in order to overcome the decades-long problem of high-school graduates’ (known as *sin cupos*) waiting for years to enter the university. The enrollment and graduation of hundreds of thousands of students in the Misión Sucre went a long way toward alleviating this problem. Furthermore, the program served as an informal mechanism for placing graduates in public-sector white-collar positions.

The Chavista government barely disguised the political objectives of its social programs (Wilde, 2017: 148). This lack of concealment was especially pronounced in the case of the CLAPs, which were created to deliver food on a house-to-house basis. The idea of the CLAPs emerged from within the ranks of the Chavista movement in the attempt to determine the causes of the disappointing results of the December 2015 elections, when the opposition took complete control of the National Assembly. The Chavistas arrived at the conclusion that, in the words of one delegate to the PSUV’s Third Congress, “we lost the elections on the unbearably long lines outside the supermarkets” (Wilder Muñoz, interview, Puerto de la Cruz, July 8, 2016). The CLAPs, which were administered by members of the PSUV and allied organizations, sold food “combos” containing basic products (the number of which increased over time) at prices approximating production costs. The program served to bypass the state bureaucracy by delegating responsibility to rank-and-file Chavistas. The justification for the requirement that the organization be run exclusively by Chavistas was that the CLAPs were not social movements but rather adjuncts of the state and that the program was designed to combat an “economic war” and thus members of a “disloyal opposition” could not be trusted, particularly because large sums of money were involved. The CLAP program had well-defined political objectives. The Chavistas’ personal contact with neighbors was designed to enhance the PSUV’s popular support and reverse the opposition’s gains in the December 2015 elections. In addition, the Chavistas hoped to gain support within the community councils, which in 2016 were allegedly being infiltrated by parties of the opposition, for which reason elections were unofficially suspended.

Detractors of the Chavista government point to the resource-curse theory that when boom turns to bust dependent nations are no better off than at the outset of the cycle.¹⁴ These analysts maintain that Chávez squandered petroleum-derived revenue as a result of populist programs and policies and consequently the nation’s living standards declined abruptly when international oil prices plummeted beginning in 2014. The same writers characterize the social

programs as unsustainable and clientelistic. This article calls for a more nuanced approach. In the first place, the economic dimension needs to be separated from the social programs, which were undoubtedly not a principal cause for the pressing problems besetting the Venezuelan economy. In the second place, all programs—including public education—that depend on outside financing are by definition “unsustainable.” Most important, given the multiplicity of objectives and the diversity of initiatives under the Chavistas, an analysis of social programs in Venezuela needs to focus on specific practices to determine what goals are being fulfilled and to identify the wasteful elements. The results from a cost-benefit point of view are likely to be more complex and less conclusive than the conclusions of those who emphasize clientelism, crass populism, and unsustainability.

Finally, the analysis needs to underscore the centrality of political context, specifically the efforts to secure popular support in response to a “disloyal” opposition that sometimes engaged in disruptive and insurgent activity. The discussion is intended not to demonstrate the inevitability of populist excesses but to underscore the importance of timing. At certain junctures, the government’s relative consolidation and Chavista advances gained sufficient momentum to ensure the political feasibility of necessary correctives (as discussed below). The criticism of the Chavista leadership for failing to take full advantage of these politically auspicious situations can serve as a point of departure for the critical analysis of the Chávez-Maduro presidencies, as well as other Third World democratic governments committed to radical transformation.

STRATEGIC SHORTCOMINGS

This article has explored the dynamics behind the Chavista governments’ pragmatic and populist policies toward the business and popular sectors. Its basic thesis is that to be fully understood both sets of policies have to be contextualized; far from being the product of a well-defined, long-established strategy or blueprint, specific policies were originally implemented in response to the coup and general strike staged in 2002–2003. The negative effects of pragmatic and populist policies proved difficult to correct, but for different reasons. Pragmatic alliances with businesspeople set in place ongoing ties and chains of influence conducive to corruption. Populist policies, for their part, heightened expectations that could not be tampered with without paying a political price.

The article’s discussion of pragmatic and populist policies lends itself to a critical analysis of the Chavista governments in two areas. In the first place, the Chavista leadership failed to grasp the particular shortcomings of its class policies. Its pragmatic strategy toward the non-Fedecámaras businesspeople was politically successful insofar as it was part of the effort to counter the disloyal opposition (hence the importance of context) but economically unsuccessful because it rested on the misleading assumption that the “productive businesspeople” were productive. Further, its populist policies had mixed results. The political opposition and some analysts exaggerate when they characterize government social programs as failures and examples of crass populism. The article argues for a more nuanced evaluation. The lack of open debate within the

Chavista movement impeded its ability to differentiate between successful aspects of social programs and negative ones consisting of doles to the non-privileged. This failure limited the learning curve that would have reduced waste, an imperative in the period of economic difficulties after 2014.

The need to consider the importance of timing in the formulation of class policies points to a second shortcoming related to contextualization. While the threats posed by aggressive opposition leaders with vast resources forced the government to adopt policies that undermined its goals, the weakening and demoralization of the anti-Chavistas provided a golden opportunity to switch course. At this point the Chavistas were in a position to have carried out an all-out campaign—sometimes referred to as a “revolution within the revolution”—to correct such ills as bureaucratization and crony capitalism.

The importance of timing is ignored by members of the far left as well as those who may be called “technocratic socialists.” The former fail to adjust their strategies to changing political conditions at the same time that they rule out tactical alliances with nonleftists. The latter ignore the impact of pressing social conditions on the survival of progressive governments and assume that economic policies designed to stimulate productivity will produce beneficial social results in the short run. Chávez rejected the technocratic approach at the outset of his rule when he prioritized social over economic goals.

Timing as a strategic tool was the key to overcoming the negative effects of pragmatic and populist measures. Victories provided the government opportunities to advance in the achievement of five basic objectives: (1) deepening of the process of change, (2) weakening of the disloyal opposition, (3) renovation of the Chavista movement and government through measures in favor of internal democratization and against bureaucratization and corruption (which were fostered by ties with the so-called *boliburguesía*), (4) prioritization of economic goals, which during the previous stage had been overshadowed by social objectives, and (5) implementation of unpopular policies (such as gasoline price hikes) in order to eliminate or minimize the negative effects of certain practices associated with populism. While there were significant advances with regard to the first two objectives, the third, fourth, and fifth objectives proved more elusive. The negligible progress on these fronts stemmed in large part from the Chavistas’ failure to develop a long-term strategy because of the nondogmatic, learn-as-you-go approach embodied in what they called “twenty-first-century socialism.”

The Chavista governments failed to take full advantage of favorable periods and junctures when the opposition was demoralized following major defeats. The first such period began with the defeat of the presidential recall election in August 2004 and lasted until the world financial crisis beginning in late 2008. During these years, which were characterized by steady increase in world oil prices, the Chavistas won by large margins the municipal election of October 2004 and the presidential election of December 2006 and took complete control of the National Assembly in 2005 as a result of the opposition’s electoral boycott.¹⁵

This period saw advances in the achievement of Objectives 1 and 2. In 2005 Chávez redefined the rights of private ownership by expropriating companies that had shut down operations, and in 2007–2008 he nationalized basic industries (Objective 1). He also refused to renew the concessions of Radio Caracas

TV, which had actively and openly supported regime change on several occasions (Objective 2). In 2009 he ordered the arrest of businesspeople with close ties to the state (allegedly belonging to the *boliburguesía*), who were held responsible for the financial crisis of that year (Objective 3). He may, however, have squandered some of his political capital by raising the banner of 10 million votes (nearly 85 percent of the votes cast) for the 2006 elections and scheduling another election the following year. An alternative route—clamping down on shady business ties, bureaucracy, and corruption such as the routine practice of kickbacks for public works projects—might have been more fruitful in the long run.

Similarly, the Maduro government gained the upper hand on a number of occasions but failed to take follow-up measures that would have maximized benefits. Thus, for instance, the Chavistas' impressive victory in the December 2013 municipal elections and then the defeat of the prolonged, opposition-promoted street confrontations designed to bring about regime change in early 2014 were missed opportunities. Similarly Maduro scored a chain of political successes between mid-2017 and mid-2018 but again failed to act decisively. On July 30, 2017, a controversial election for a national constituent assembly put an end to four months of *guarimba* protests. Subsequently, the opposition divided over participation in the gubernatorial elections of October, mayoral elections in December, and presidential elections in May 2018, all of which the Chavistas won with large majorities.

Maduro refrained from following up these successes by exposing the existence of the so-called *boliburguesía* (Objective 3) as he indicated he might do. He also failed to act on his threat to initiate a "revolution within the revolution," which might have corrected the deviations produced by pragmatic and populist policies. The favorable junctures also allowed the Maduro government to have taken unpopular, albeit necessary, measures (Objective 5) to reduce the wide disparities between official prices and exchange rates, on the one hand, and market ones, on the other. Even though these distortions were largely responsible for massive contraband, scarcity of basic commodities, and rampant inflation, Maduro, fearful of the political price he would have to pay, failed to take immediate decisive steps. His indecisiveness and lack of definition on economic policy was demonstrated by his break with leading members of both the hard-line Chavista current (including Giordani) and the moderates who advocated economic liberalization.

Another criticism related to timing and populist policies is the failure of the Chavista leadership to anticipate the need to stimulate economic productivity (Objective 4), an objective whose importance would be recognized at a future date. Chávez's prioritization of social over economic goals at the outset of his presidency was logical from a political viewpoint given the opposition's insurgent tactics and mobilization capacity. Indeed, according to Chávez, the emphasis on social programs was designed to ensure the irreversibility of the "revolutionary" process in Venezuela (Jorge Arreaza, interview, Barcelona, Venezuela, January 25, 2016). Nevertheless, a number of Chavista slogans and banners raised at the time encouraged practices associated with crass populism and failed to prepare the population for the sacrifices that the government's subsequent drive to maximize productivity and economic diversification

required. Along these lines, Chávez advocated the 36-hour work week, emphasized the goal of absolute equality (using the phrase borrowed from Marx “to each according to his needs”), labeled the model that he was attempting to apply in Venezuela “humanitarian socialism,” and promised Venezuelans “a sea of happiness.” In addition, he failed to scale back the program of currency exchange controls designed to halt capital flight as a result of the general strike of 2002–2003. The controls, which translated into cheap imports and overvalued currency, became a populist measure that impeded economic development. In short, the government failed to capitalize fully on the auspicious political environment beginning in late 2004, which opened possibilities for giving greater weight to the market economy, material incentives, efficiency, and the need for sacrifice as part of a new stage favoring economic goals.

The same pragmatism that led the Chavista leaders to establish ties with non-Fedecámaras businesspeople underlay their attempts to win over or rein in political leaders who held ideological positions to their right. One example was the decision to refrain from probing the actions of or taking disciplinary measures against Chavistas who were close to the Miquilena wing of the party at the time of the April 2002 coup against Chávez. During the coup, Luis Alfonso Dávila and Francisco Rangel Gómez publicly indicated willingness to recognize the new government of Pedro Carmona, but they subsequently retained their leadership roles in the Chavista government and movement. Another example of pragmatically driven conciliation was the appointment of nonleftists including former members of the opposition COPEI to top executive positions in the state oil company even though some had failed to condemn the 2002–2003 general strike from the outset.¹⁶

CONCLUSION

The challenges the Chavistas faced in the implementation of pragmatic and populist policies provide a basic lesson for Latin American governments committed to far-reaching transformation in a democratic setting: timing is essential for the government’s survival and the deepening of the process of change. In the first place, even while the leftists in power prioritize social goals at an early stage, they need to anticipate future targets and priorities. The left has to be prepared for the right moment to focus efforts on economic goals based on increasing productivity while playing down somewhat the importance of social policy. Furthermore, at no moment should the primacy of social goals in the form of populist policies be allowed to detract from the importance of productivity in the eyes of the general population. In the second place, those in power need to be prepared to wage a full-fledged battle against the negative side effects of pragmatically motivated tactical alliances with business sectors and costly social policies of a populist nature.

While pragmatic and populist class policies are politically necessary to face an insurgent enemy, the generation of a degree of corruption, unnecessary bureaucracy, and paternalism among program beneficiaries is virtually inevitable. A governing party that is intimately tied to the state and lacking in independence, as in the case of the PSUV, is unlikely to serve as an effective check

on unprincipled and sluggish bureaucratic behavior (Spanakos and Pantoulas, 2017: 49). If the Venezuelan experience is illustrative of what is to be expected elsewhere, the process of change is characterized by contradictions and ongoing struggle, while reaching a protracted stage of consolidation and stability cannot be hoped for, at least in the short or the medium term.

NOTES

1. "Populism" here refers to programs (such as Barrio Adentro and the CLAP program of food distribution) that do not contribute to economic development or reward people for efforts along those lines. "Crass populism" refers to programs and practices that represent doles as opposed to compensatory benefits and involves an element of paternalism.

2. The Chavistas defended different positions on the issue. The discussion is part of a larger debate in which some Chavistas associated the distribution of free goods with what they called "humanistic socialism," considered to be a corrective to a dogmatic Marxism that placed objective factors ahead of human beings.

3. Indeed, the Chavista pragmatic strategy dated back to the 1998 electoral campaign, when the Chavistas moderated their platform of economic nationalism, which had included a moratorium on payment of the foreign debt. Among the members of the economic elite who lent support to the Chávez candidacy were Gustavo Cisneros and Miguel Henrique Otero, publisher of Venezuela's leading newspaper, *El Nacional* (Gates, 2010: 85–110).

4. The government's encouragement of these rival organizations formed part of a larger strategy of promoting parallel structures in such diverse areas as education, health, and organized labor (Ellner, 2005: 182–185).

5. Concessions to the middle class served a similar function: not to win over large numbers of voters but rather to neutralize or appease adversaries. Benefits included the system of preferential dollars for Venezuelans who traveled abroad as tourists, imports of large numbers of SUVs, payment to university professors of a severance payment supplement (referred to as *fideicomiso*) previously considered unpayable, and heavily subsidized gasoline prices.

6. In the age of globalization beginning in the 1980s, most leftist writers discarded the thesis that a sector of the bourgeoisie in developing nations could be won over to nationalistic and even anti-imperialist positions. Nevertheless, some argue that the relationship between national and multinational capital is one of "antagonistic cooperation" (Katz, 2015).

7. Fernando Dachevsky and Juan Kornbliht (2017: 89) argue that the Chavista governments failed to break with the historical patterns of rentier capitalism and that the main mechanism of rent (oil wealth) distribution was overvalued currency in the form of exchange controls. Although they demonstrate, along with various Venezuelan researchers (Gavazut, 2014), that exchange controls disproportionately favored foreign capital, emerging businesspeople also benefited. Dachevsky and Kornbliht's analysis concerning the nonproductive nature of Venezuelan capitalism reinforces the assertion put forward in this article that the emerging bourgeoisie was underserving of the label "productive businesspeople."

8. Some rank-and-file Chavistas used the term to refer to the bourgeois lifestyle of some of their leaders.

9. This statement does not question what Marxist and non-Marxist political scientists generally recognize: governments that defend the established order occasionally act independently of large economic groups.

10. The non-Fedecámaras businesspeople referred to in this article (Pérez Abad, Cudemus, Fernández Barrueco, Vargas, Escotet, Gorrín, Durán, Uzcátegui, and others) are among the most visible examples of the allegedly "Chavista" bourgeoisie.

11. According to one political commentator, media owners openly aligned with the opposition acted as "cogovernment" at the time of the April 2002 coup (García Dangles, 2006: 145). This open bias contrasted with media coverage in 2014 and 2016, when protests were also organized to achieve regime change. The long-standing leftist and Chavista sympathizer Eleazar Díaz Rangel was appointed director of *Últimas Noticias* in 2001.

12. In another article I explore the implications of the Chavista strategy of prioritization of social over economic goals, which I call a “social-based democratic model” (Ellner, 2011).

13. The category of “marginalized sectors” refers in large part to members of the informal economy.

14. In his theory of “development of underdevelopment,” Andre Gunder Frank (1967) argued that dependent nations are actually more “underdeveloped” at the end of boom periods than at the outset.

15. The opposition narrowly defeated the Chavistas in the referendum for a proposed constitutional reform held in December 2007.

16. Minister of Energy Rafael Ramírez allied himself with these nonleftists in an attempt to consolidate his power within PDVSA and face the challenge posed by a leftist Chavista faction in the company headed by Felix Rodríguez and associated with its former president Ali Rodríguez Araque. Ramón Rosales, ex-COPEI member and president of the oil workers’ federation Fedepetrol, was won over to the Chavista movement at the time of the general strike and was subsequently appointed to the company’s executive board. In late 2017, PDVSA executives Pedro León and Orlando Chacín, who had belonged to Ramírez’s inner circle since the 2002–2003 strike, were jailed on charges of corruption. Shortly after that, an arrest order was issued for Ramírez.

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