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## COLLISION IN VENEZUELA

**F**EW CONTEMPORARY political upheavals have been as dramatic as the events that have convulsed Venezuela in the past five years. In 1998, former paratroop colonel Hugo Chávez was elected President by a landslide majority, on a platform calling for a fundamental reconstruction of the whole political framework of the country. Within two years, he successfully pushed through an ambitious new Constitution, and was reelected President for six more years, equipped with an even larger majority—some 60 per cent of the vote—and a Congress dominated by his supporters. By the autumn of 2000, the country seemed to be at his feet.<sup>1</sup> Eighteen months later, he faced a general strike and massive street demonstrations against his rule, swiftly followed by a military coup that deposed and imprisoned him. Despite being restored to power by popular counter-demonstrations and a revolt against his ouster originating within the armed forces themselves, Chávez was under siege again in less than a year.

This time he confronted the largest and longest employer/trade-union confederation strike in Latin American history, mobilizing virtually the entire mass media and a galvanized middle class that proved capable of remarkable—even sacrificial—levels of militant collective action, backed by a wide spectrum of senior commanders. Lasting from 2 December 2002 to 2 February 2003, this vast battering-ram paralysed Venezuela's oil industry, its key economic sector, for seven weeks, leading to widespread expectations of the final demise of Chávez's meteoric Presidency. But once again his popular and military support held firm, and after inflicting savage blows to the state's finances, the strike collapsed. The opposition *fronde* has by no means given up its aim of driving Chávez

from office, but for the moment he sits more securely in the Miraflores Palace than for many months.

### *Opposition charges*

What lies behind this extraordinary sequel of events? Why has Venezuela been close to civil war for the past two years? The ‘Democratic Coordination’ that has spearheaded successive swarming assaults on the President leaves no doubt of its vision of the dangers facing the country. Chávez threatens its people with ‘Castro-Communism’, a totalitarian dictatorship that has trampled on human rights and brought Venezuelans to the brink of ruin. Milder versions of the same general conception form the standard image of Chávez’s regime purveyed by the international media at large. No matter how often they are repeated, these charges are quite spurious. Under Chávez’s rule, there are no political prisoners, and there is no censorship. Citizens enjoy nearly total freedom of assembly: demonstrations blocking important installations or freeways are treated far more leniently than under most US city governments. The mass media pour out attacks against the government on a round-the-clock basis, of a virulence unthinkable in Europe or North America.

If some members of the Bolivarian Circles supporting Chávez in the shanty-towns are armed, the great majority are harmlessly engaged in community projects: the number of households possessing handguns is just as high in the middle as in the popular classes. Political violence, when it has broken out during demonstrations and counter-demonstrations, has been on a relatively small scale, with no one side clearly to blame. Congress meets freely, the opposition speaks openly, parties and movements organize actively. Neither legislature—where Chávez no longer has a secure majority—nor judiciary are controlled by the executive. Such is the totalitarian panorama of Venezuela today.

Chávez is also charged with plunging the country by reckless policies into a steep economic decline. In fact, on coming to power in 1998 his macroeconomic course was quite orthodox—he even retained his predecessor’s Finance Minister. The price of oil was at an all-time low and the economy contracted during his first year in office. However,

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<sup>1</sup> For the rise of Chávez, see the vivid account in Richard Gott, *In The Shadow of the Liberator*, London 2000.

during his second and third years, as oil prices recovered, the economy did reasonably well, expanding by 3.2 and 2.8 per cent, while inflation fell to its lowest point in nearly 20 years, dropping to 12 per cent in 2001. It was in 2002 that economic trouble began, as oil prices dipped again and capital flight accompanied business-led strikes and the coup attempt against Chávez. The government's economic management has been far from perfect, suffering from the lack of experience of many of its ministers and a certain amount of traditional clientelism. But if it is to be faulted for anything, it is not for excessive radicalism, but—its skilful OPEC diplomacy apart—pragmatic muddle and lack of imagination. If the country is in low water today, the blame attaches not to the government's performance, but overwhelmingly to the destructive venom of the opposition, whose eight-week blockade of the economy and oil industry this winter cost Venezuela \$6 billion, guaranteeing an even more drastic fall in GDP in 2003 than the 8.7 per cent registered in 2002.<sup>2</sup> Whatever damage has been caused by shortcomings of government policy, it is minor compared with the deliberate sabotage of the 'Democratic Coordination'.

Colouring and suffusing both main accusations levelled at Chávez—that his regime is bent on a totalitarian dictatorship, and is bankrupting a prosperous country—is a vaguer, but no less passionate charge that he is a divisive ruler, whose abrasive and autocratic style has split the nation into warring camps. There is more substance to this notion, but it needs to be translated out of the idiom in which it is expressed. There is no doubt that Chávez is a rhetorically aggressive leader who has little fear of political confrontation. Nor that he has been a better mass orator and military organizer than political manager or corridor diplomat. But the complaints so widely heard in Venezuela about his style as President reflect something much deeper than dislike of his polemical gifts. What they really bespeak is a class fear.

For Chávez communicates with Venezuela's poor in metaphors they can relate to, though they seem to the upper and middle classes improper or undignified expressions for a head of state to use. Although himself well-read, he visibly comes out of the same culture as the disadvantaged majority of the population, rather than the educated elite. In Venezuela the social division between the two overlaps, as so often

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<sup>2</sup> See Economist Intelligence Unit, *Venezuela*, March 2003.

in Latin America, with racial differences. This is a country where 67 per cent of the population are classified as *mestizos* and 10 per cent as black, leaving a minority of 23 per cent whites. Chávez, like most lower-class Venezuelans, is dark-skinned. A cursory look at demonstrations for and against the government is enough for anyone to notice the colour contrast between them. Most Chávez supporters are either *pardos* like himself, or blacks; most opponents are whites. The way the latter refer to *chavistas*, regularly describing them as *lumpen* or *negros*, leaves little room to doubt the feelings of racist hostility that the President and his following inspire in much of the Venezuelan middle class.

The combination of ideological and racial phobias, stirred up by every resource of prejudice, makes a potent brew. The private media—overwhelmingly dominant in Venezuela—have welded all these themes into an obsessive discourse, such that anyone who questions it is automatically declared to be living in a fantasy world. The script is identical in all major television networks and newspapers; these have whipped up a violent hatred of Chávez in large areas of Venezuelan society, increasingly reciprocated by his supporters. In this sense, the country has indeed become more politically polarized than at any time since the height of the guerrilla movement in the early 1960s. But the real reasons for the chasm that has opened up between the government and opposition have little to do with the phantasmagorias of the Democratic Coordination.

### *Failures of the old regime*

For Chávez has been less a catalyst than a product of the ever-deepening class divisions that have marked Venezuela, more than any other country in Latin America, over the past twenty years. If in the seventies, rocketing oil prices had given the country the highest per capita income in the continent, funding a huge apparatus of state patronage and middle-class consumption, little productive domestic industry was created and the fate of the poor was consistently neglected. By the time petroleum revenues started to fall, astronomic levels of waste and corruption had become routine to a political establishment composed of two alternating parties—Acción Democrática, nominally Social-Democratic, and COPEI, nominally Christian-Democratic—who shared the spoils of clientelistic power. Between 1978 and 1985, GDP fell continuously while capital fled the country and foreign debt exploded. Two successive attempts to impose neoliberal shock therapies failed—the first in 1989, detonating

nationwide riots and heavy loss of life, the second in 1996, setting the stage for Chávez's rise to power.<sup>3</sup> By the mid-nineties, GDP per capita had dropped back to the level of the sixties, and real industrial (and minimum) wages had collapsed to a mere 40 per cent of their value in the eighties.

This implosion of the economy not only brought disaster to the great majority of Venezuelans, it also brutally exacerbated already very high levels of inequality. As wages plummeted and social spending was cut by an increasingly desperate state, the proportion of the population living below the poverty line soared from 36 per cent in 1984 to 66 per cent in 1995, and the number of those living in extreme poverty trebled, rising from 11 to 36 per cent. Over the same period urban unemployment more than doubled, topping the league for the continent. Yet while the share in national income of the poorest two-fifths of the population fell from 19.1 to 14.7 per cent between 1981 and 1997, that of the richest tenth jumped from 21.8 to 32.8 per cent.<sup>4</sup> Bitter misery for the many and flaunted wealth for the few, with a shrinking but still privileged middle class between the two: such was the reality of social polarization under the Old Regime. In these conditions, what 'unifying' political recipe was possible? Chávez has focused the stark divisions of Venezuelan society, making them more visible and acute, but he has scarcely caused them. In essence, the conflict that has escalated around his Presidency is an all-out class war.

Thus the actual triggers for the assault on Chávez have had little to do with its ideological pretexts. They are to be found in the social programmes of the government. Ironically, Chávez—whose first two years in power were concentrated mainly on reorganizing the political framework of the state, through a new constitution—was slow to move on these. But once he did so, starting in 2001, tension immediately flared up. To begin with, the Venezuelan middle class objected to the way Chávez spent the increased oil income that started to flow in after 1999 (thanks in part to his government's activism in OPEC) on projects that benefit the poor: the state education budget increased from 3.3 to 5.2 per cent of GNP between 1999 and 2001, that of public housing and community services rose

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<sup>3</sup> For a recent analysis of these two episodes, see Kurt Weyland, *The Politics of Market Reform in Fragile Democracies*, Princeton 2002.

<sup>4</sup> For these figures, see Kenneth Roberts, 'Social Polarization and Populist Resurgence', in Steve Ellner and Daniel Hellinger, eds, *Venezuelan Politics in the Chávez Era*, Boulder 2003, pp. 59–60: the best recent collection of essays on the country.

from 0.8 to 1.5 per cent and health spending from 1.1 to 1.4 per cent. The middle class has little reason to appreciate these policies, since for the most part it relies on private schools and medical treatment. More recently, the devaluation introduced after the failure of the opposition's oil blockade hit the middle class much harder than the poor, since it consumes many more products and services—such as cars or vacations in Florida—that are imported or denominated in dollars.

### *Battle over oil*

But behind these discontents lie two much weightier issues, which have mobilized the real striking-forces of the Democratic Coordination. Both stem from what in retrospect can be seen as the turning-point in Chávez's administration when, in November 2001, he made use of an Enabling Law that was about to expire to issue forty-nine decrees with legislative force, covering a wide range of socio-economic policy areas. One of these was an oil reform law, scheduled to come into effect on 1 January 2003. The petroleum industry has been formally nationalized in Venezuela since 1976. PDVSA, the holding company that controls it, is in turnover Latin America's largest single corporation, but also one of its least efficient, according to a recent ranking by the magazine *América Economía*. Currently it costs PDVSA about three times as much to extract a barrel of oil as it costs other major oil corporations, such as ExxonMobil, Shell or ChevronTexaco.

The company is run like a private state within a state, by a highly privileged management that has long been hostile not only to OPEC (of which Venezuela remains a founding member), but to any kind of national or social development strategy. Under the control of successive presidents—most recently, Luis Giusti, himself a wealthy private owner of oil tankers and computer services utilized by the company—PDVSA has deliberately maximized overseas investments (it owns refineries in Europe and the us and a large chain of North American gas stations, for example), and used transfer pricing to its affiliates to lower the royalties it pays to the Venezuelan state, which had fallen from 71 cents per dollar of gross earnings in 1981 to a mere 39 cents by 2000.<sup>5</sup> Not content with this siphoning off of national resources, the bosses of PDVSA have encouraged foreign oil

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<sup>5</sup> For this, and the machinations of PDVSA in general, see the excellent contribution by Bernard Mommer, 'Subversive Oil', in Ellner and Hellinger, *Venezuelan Politics in the Chávez Era*, pp. 131–45.

companies to enter the country again, tried to undercut OPEC quotas, and sought to open the door for future privatizations.

Starting to grapple with this situation, Chávez's new oil law limited foreign companies to 50 per cent joint ventures and doubled the fixed royalties that have to be paid to the state per barrel of extracted oil. It also for the first time imposed some accounting and fiscal transparency on the murky operations of PDVSA, and contained provisions allowing the government to restructure the petroleum industry in due course. When the implications of the new legislation sank in, the PDVSA management went ballistic, and with the lavish resources at its disposal—traditionally used to buy up venal politicians and journalists to get its way, under the old order—orchestrated the first general strike against the government on 10 December 2001, in league with the employers' association FEDECAMARAS and the notoriously corrupt trade-union bureaucracy of the CTV. In response, two months later Chávez dismissed the senior managers of PDVSA—a move made into the *casus belli* for the coup against him in April.

The extent of PDVSA's muscle became evident in the aftermath of the putsch, when Chávez—even restored to power—was forced to reinstate the managers he had fired, who promptly set to work conspiring against him once more. The final showdown came with the mega-assault on Chávez of December 2002, whose nerve-centre was the stoppage in the oil industry, masterminded by one of PDVSA's most aggressive executives, Juan Fernández. In social character, this was closer to a lock-out than a strike, since it was essentially the shut-down of computer-controls by managers and white-collar technicians that cut off oil supplies. The oil workers' union itself, Fedepetrol, refused to join the stoppage, though selected tanker captains and dockers did so. The collapse of the strike in late January has dealt a heavy blow to the PDVSA elite. Its most factional managers have been purged, oil production has been restored with unexpected speed, not least because of the engagement of the workers themselves, and the company is now more securely under the command of former OPEC Secretary-General Ali Rodríguez.

### *Entitlements to land*

The second fundamental issue that has put the opposition onto red alert is land. Prominent in the package of 49 decrees in November 2001 was a

major agrarian reform. In itself, land reform is no novelty in Venezuela, which—like many other Latin American countries in the days of the Alliance for Progress, when Washington was fearful that the example of the Cuban Revolution might spread—passed a modest law in 1960 that eventually benefited up to 150,000 small farmers. This programme, however, quickly fell apart in the 1970s, when the government lost interest in it during the oil bonanza. The original measure had in any case failed to provide adequate credit, technical or marketing assistance to the peasants who received land, and did little or nothing to change the overall picture of Venezuelan agriculture.

In the forty years that have elapsed since this timid experiment, Venezuela has become an overwhelmingly urbanized society, in which 87 per cent of a population of 25 million live in towns.<sup>6</sup> Over the same period, agriculture's share of GDP declined from 50 per cent in 1960 to a mere 6 per cent in 1999, the lowest figure in Latin America. Venezuela, in fact, is the continent's only net importer of agricultural products. The main reason for this dramatic change has, of course, been the distorting effect of oil rents, which have long been responsible for a wasting 'Dutch disease'—generating a high exchange rate that makes local products, agrarian or industrial, uncompetitive on international and domestic markets, and shifting labour into non-tradeable services.

This does not mean, of course, that land in the countryside therefore loses all value. But it has lowered the pressure for any serious redistribution of a fantastically unequal property structure. No less than 75 per cent of the private agricultural land is owned by 5 per cent of proprietors, while 75 per cent hold only 6 per cent of the land.<sup>7</sup> Furthermore, it is estimated that 60 per cent of Venezuela's rural producers work the land for themselves—that is, are not day-labourers—yet have no title to the plots they till.

The *Ley de Tierras* passed by Chávez seeks to redress this dismal scene in three ways. Firstly, it sets a maximum legal size of farms, ranging from 100 to 5,000 hectares according to respective productivity. Seeking to put an end to latifundia that are not used for agricultural purposes,

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<sup>6</sup> The overall urbanization of Latin America is now 75 per cent of the total population; the figure worldwide is 46 per cent. See World Bank, *World Development Report 2000/2001*, New York 2001.

<sup>7</sup> *Censo Agrícola*, 1998.



it levies a special tax on any holding that is left more than 80 per cent idle, and allows for the redistribution of certain lands to landless peasants who commit themselves to their cultivation. Only high-quality idle land of over 100 hectares or lower quality land of over 5,000 hectares, however, can be expropriated—at market value. *Chavistas* maintain that there is abundant government-owned land that can be redistributed before any private property needs to be transferred. Any Venezuelan citizen who is either the head of a family or is between 18 and 25 years old may apply for a parcel of land and, after three years of cultivation, acquire a title to it that can be passed on to descendants, but not sold: a provision that has drawn strong criticism, as discriminating against peasants who, if they need to sell, will be driven to do so at heavily—40 to 60 per cent—discounted prices on a black market for sub-legal transactions.<sup>8</sup> By redistributing land to smaller family farms, however, the government hopes not only to mitigate the huge social injustices of the present pattern of ownership, but also to increase agricultural output, in the belief that modest-sized units are generally more efficient than vast estates or ranches.<sup>9</sup> With the long-term objective of making Venezuela self-sufficient in foodstuffs, it aims to double the share of agriculture in GDP to 12 per cent by 2007.

As of April 2003, around 200,000 hectares (some 500,000 acres) have been distributed to 4,500 families. The government plans to accelerate the programme so that by August 2003 over 130,000 families will have received 1.5 million hectares—an average of about 10 hectares, or 25 acres, per family. This pace, if it is kept up, would compare favourably with Venezuela's 1960 reforms. Land reform, however, is a notoriously uncertain affair. The FAO reports that most land reforms carried out since 1945, throughout the world, have failed to assure either equity or efficiency, above all because there is typically a tremendous gap between theory and practice. Laws and intentions are one thing; implementation and results are another. Critics may legitimately ask: what is there to suggest that the Venezuelan programme, in a country which has neglected the countryside for so long, will succeed where others have aborted? The official answer is that the *Ley de Tierras* has created three new institutions to back up redistribution: the National Land Institute, responsible

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<sup>8</sup> For this point, see Olivier Delahaye, 'La discusión sobre la ley de tierras; espejismos y realidades', *Revista SIC*, August 2002, pp. 351–54: [www.gumilla.org.ve](http://www.gumilla.org.ve)

<sup>9</sup> For this widely shared judgement, see James Riddell, 'Contemporary Thinking on Land Reform', FAO Paper, March 2000.

for land tenancy; the National Rural Development Institute, in charge of technical and infrastructural aid to producers; and the Venezuelan Agricultural Corporation, to provide them with marketing assistance. Above all, the Chávez administration insists that it has what was always wanting in the past—the political will to force through real change in agrarian relations.

That this is not an empty threat can be seen from the violence of the reactions to the new law by defenders of the *status quo*. FEDECAMARAS was so outraged by what it termed this violation of the rights of private property that it highlighted the *Ley de Tierras* as the single most important reason for launching the first employer-led lock-out of 10 December 2001, just a month after the package of 49 decrees was announced by Chávez. The CTV joined the action with the somewhat unusual explanation—for a trade-union federation—that the land law and associated measures would impinge on employers' ability to do business. The 'strike' failed, but resistance to agrarian change soon found other and more deadly forms.

In August 2002, in a small town in northern Venezuela, a man wearing a ski mask drove up to Pedro Doria, a respected surgeon and leader of the local land committee, called his name and, as Doria turned, shot him five times. The committee Doria led was in the process of claiming title to idle lands south of Lake Maracaibo which, according to government records, belonged to the state and could thus be legally transferred to the fifty peasant families that had applied for ownership. However, a local *latifundista* also claimed title to the property, and on several occasions had refused to let Doria and government representatives inspect it. It is common knowledge in the region that this landowner is a close friend of former Venezuelan president Carlos Andrés Pérez, driven from office for corruption, who is himself said to own over 60,000 hectares through third parties throughout the country, the vast majority of it idle.

Doria was not the first peasant leader to be targeted by professional killers or paramilitaries. Another who escaped from death earlier this year was José Huerta. Shot in the shoulder, he barely survived. Huerta was working for the National Land Institute at the time and was in charge of processing the claims of Doria's committee. According to Braulio Álvarez, director of a coalition that links about a dozen peasant organizations, over fifty popular leaders have been assassinated in the past

year. None of these cases has been resolved, mostly due to collusion between large landowners and the police. For example, in the cases of Doria and Huerta, the *latifundista* suspected to have hired the gunmen is Omar Contreras Barboza, former Minister of Agriculture in Carlos Andrés Pérez's government and brother of an ex-governor of the state of Zulia, where the disputed lands are located. If the most spectacular episodes of the class war raging in Venezuela have occurred in the towns, its deadliest front so far is in the countryside.

### *Shanty-town entitlements*

Meanwhile, a very different sort of land reform has moved up the agenda, one that may decide the fate of the Chávez government. Nearly nine out of ten Venezuelans live in the towns. Of these, an estimated 60 per cent are camped in slums on land that they occupied by squatting or invasion, on which they have built ramshackle homes, of tin and wood, or rudimentary brick as the case may be. Many of these *barrios* cluster on unsafe terrain, like the hillsides that surround Caracas, at perpetual risk of sliding into the valley below whenever there are strong rains. Earlier governments had always argued that the only solution to the squalor and poverty of these shanty-towns was to tear them down and relocate their inhabitants to public housing elsewhere. Predictably, that was virtually never done, because it was prohibitively expensive. Instead, the real attitude of the old regime to the poor was cruelly displayed when they poured down from the hillsides in the tumultuous riots against the neoliberal package imposed by Carlos Andrés Pérez—the famous *caracazo* set off on 27 February 1989—in which the police and military slaughtered anywhere between 300 and 1,000 people from the *barrios* nation-wide. In the wake of this trauma, a movement known as the *asamblea de barrios* developed in the slums which, for the first time, made the legalization of their homes a central demand of Venezuela's poor. Eventually, this *asamblea* merged into Chávez's 'Bolivarian' movement and helped elect him President in late 1998.

However, once in the Miraflores, Chávez devoted his attention to other questions. So it was that the issue was taken up in the Congress elected in 2000 by one of the opposition forces, Primero Justicia, a recently formed party led by ambitious professionals from the rich suburbs, who hoped to inherit the space left vacant by the disgrace of the traditional dyarchy of AD and COPEI. Nimble adopting ideas of the Peruvian writer

Hernando de Soto, theorist of a kind of ‘neoliberalism from below’ in his books *The Other Path* and *The Mystery of Capital*,<sup>10</sup> this grouping submitted a draft law transferring land titles to slum-dwellers either where the state was the landowner, or where they had occupied the land for ten years or more (also known as *usucapión*). The draft emphasized the sanctity of private property, and imposed punishments of up to five years’ imprisonment for land invasions.

However, after appearing to have all but forgotten this burning social issue in the first phase of his Presidency, on 4 February 2002—the tenth anniversary of his original attempt to overthrow Carlos Andrés Pérez—Chávez announced a new decree, by which his government would transfer the legal ownership of the *barrios* to their inhabitants. The timing of his speech, coming between the first general strike against him in December 2001 and the attempted coup of April 2002, makes it clear that, under a vitriolic barrage of media and oppositional attack, the government realized it was losing popular ground and had to regain it with a dramatic initiative. Some 7,000 families have benefited from the programme in the past year and, by the end of 2003, about 500,000 plots are due to be transferred.

### *Barrios in credit*

But the decree could transfer only publicly owned land. Iván Martínez, the director of the National Technical Office for the Regularization of Urban Land Tenancy, estimates that approximately one third of the terrain the *barrios* now occupy belongs to the state, one third is privately owned, and one third is indeterminate or contested. To transfer privately owned land to *barrio* inhabitants, a law has to be passed through Congress. Legislation to this end, a ‘Special Law to Regularize Land Tenancy in Poor Urban Settlements’, has been proposed by Chávez’s Fifth Republic Movement (MVR), and is due to be passed after extensive

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<sup>10</sup> De Soto’s work, which argues that in Third World countries the poor are prevented from entrepreneurial activity and successful capital accumulation by a mass of bureaucratic red tape and lack of property rights to their homes, was hailed by Thatcher, Clinton, Friedman and William Buckley, among others. It ignores, of course, how the poor came to be such in the first place. For critical reviews, see *inter alia* Jeff Madrick, ‘The Charms of Property’, *New York Review of Books*, 31 May 2001; and Carlos Lozada, ‘Poverty Solved: No Fuss, No Muss’, *American Prospect*, 26 February 2001.

consultation with the communities that are to benefit from it. For this purpose, 'land committees' have been created in every *barrio*, which send representatives to the National Assembly to discuss the law together with the legislators. According to Martínez, they have proposed numerous changes to the original draft, including provisions for the creation of communal property. This is one of the first laws in Venezuelan history that is being hammered out with those actually affected by it. Once in force, it will have a significant impact on the lives of more Venezuelan citizens than any other governmental programme save public education. As many as ten million Venezuelans, or 40 per cent of the population, could eventually benefit, even if Martínez reckons that the law could take up to ten years to implement in full.

The rationale of the transfer, as Martínez puts it, is first of all 'a recognition of the social debt which the state owes the population'. For in the past half-century, the state constructed one million homes for its citizens; the private sector erected about two million; while the inhabitants of *barrios*, with infinitely fewer resources than either, built over three million. Considering that it costs about ten times as much to tear down a *barrio* home and build a new one somewhere else, it is clear that 'the *barrios* are part of the solution, not the problem', in Martínez's words. Andrés Antillano, an organizer in La Vega, one of Venezuela's largest, oldest and most politicized shanty-towns, who has worked together with Martínez on the draft of the new law, adds that it aims at 'recognizing the *barrio* as a collective subject with legal rights and profound transformative potentials'. In other words, where De Soto and Primero Justicia view urban land reform as essentially a means to encourage the accumulation of capital in the *barrios*, Chávez's supporters see it as a path to participatory democracy and self-help in the communities.

The land committees necessitated by the decree and proposed law are composed of seven to eleven individuals, elected by a gathering of at least half of the families in any given community, up to a maximum of two hundred. The committees are then free to choose the polygonal of land, the territory of the community, they represent. At first sight, their function looks similar to that of the Bolivarian Circles that Chávez had created in 2001. According to their literature, these Circles 'discuss problems of their community and direct them towards the appropriate governing body, to find a rapid solution for them'. While the media and the opposition demonize them as the shock troops of a totalitarian

regime, the truth is that for the most part they do exactly what their pamphlets proclaim—put on cultural events, paint murals of Simón Bolívar, organize workshops to discuss the constitution and build community centres. In this sense they have been a force for *barrio* transformation.

The difference between the Circles and the land committees, however, is that the former are, by and large, partisan groups of up to a dozen self-selected individuals who support the Chávez government and want to regenerate their country. The land committees, on the other hand, are democratically elected to represent a particular community of up to 200 families and do not have any political affiliation. By the summer of 2002 it was estimated that over 300 of them had come into being, representing about 150,000 people. They perform a wide variety of tasks, that fall broadly speaking into three areas: regularization of urban property titles; self-government of the *barrio*; and ‘self-transformation’ of the neighbourhood. Additionally, but more temporarily, they participate in the formulation of the urban land law.

In the regularization of property titles, the committees take an active part in measuring the plots of land that each family occupies, and adjudicating disputes between them. Since the surveys have to be accurate, government officials work with them, training slum-dwellers how to use the necessary equipment. The process can be tricky because *barrio* homes often have such irregular shapes. The process of registration also involves designating which parts of *barrio* land should be communally owned, to provide recreational space. Once the land is registered, each family can claim their titles by providing proof of ownership, usually in the form of receipts for building materials or utility bills. The National Technical Office then provides a certificate which, once the property is ready to be transferred and if no one else claims title to the land within three months, can be exchanged for the actual property deeds. However, only dwellings built on safe land—that is, sites that do not endanger their inhabitants by too unstable or precarious a location—are eligible for such ownership. Those who live on unsafe terrain have the right to exchange their claim to property for a government-built home in a different location. Likewise, land invasions that have occurred since the decree of February 2002 cannot participate in the entitlement process, but must look to the government’s public housing programme instead.

So far as the objective of self-government goes, the land committees embody much more manageable units than current administrative districts, which in Caracas can consist of over half a million citizens apiece. The committees provide partners for municipal agencies and utility companies, for joint improvement of public services—water, electricity, waste disposal or road access. They have even begun to form sub-committees to work on these different tasks, including the organization of cultural activities, enhancement of security, and embellishment of their neighbourhoods.

Finally, what is meant by ‘self-transformation’ of the community? Under this heading, the land committees are charged with drafting a charter for their *barrio* that tells its history, defines its territory, sets out its ground rules and explains its values. The charter is meant to strengthen the communal identity of the *barrio*. The idea is that only a strong sense of collective identity will lead to a real community, and hence to the possibility of a purposeful change of its conditions of existence. Government officials hope, of course, that some of the benefits that de Soto describes will take effect in the *barrios*, as a real-estate market develops that allows people to use their homes as collateral for small business loans and thriving mini-entrepreneurship. But when asked what they most want from this programme, slum-dwellers regularly mention ‘recognition’. Nora, a participant in one land sub-committee said, ‘we believe in the government here not because of the titles, but because we can now participate more in decisions that affect the community’. Still, she adds, ‘People are asking, why has it taken so many years for a government to meet this demand?’

### *Bolivarian privatizations?*

Paradoxically, the rural and urban land reforms of the Chávez government are in effect privatization programmes, since so much of the property to be redistributed by them is publicly owned. But, of course, this is privatization whose social meaning is the very opposite of the neoliberal prescriptions of the World Bank and International Monetary Fund, which promote or impose the sale of large state-owned resources and utilities—water, telephone, electricity etcetera—to transnational corporations. Here it is the poor who benefit from the dismantling of nominal, unutilized appurtenances of the state—those who actually live or work on the land.

While the government does not appear to have planned its urban and rural land reforms as a package, it is clear that the two should be interconnected. Michael McDermott, an expert in the area, remarks that if 'you carry out urban and not rural land reform, you may find your success stories drowned by too many immigrants. Reform should be comprehensive and integrated'.<sup>11</sup> In Venezuela both programmes are of immense scope and complexity, and face formidable difficulties: powerful *latifundistas* with a tenacious grip on huge holdings, paramilitaries assassinating peasant leaders, *narcotraficantes* corrupting government officials, not to speak of impatient popular constituencies themselves. But there is little doubt that successful implementation of these programmes would in the long term be the most important legacy the Chávez government could leave, and the surest way of consolidating support for it in the short term.

The opposition is aware of the danger, and determined to oust Chávez before he can enact any irreversible reforms. After the defeat of its successive lock-outs and coup attempts, it is now banking on a recall referendum that, under the provisions of the new constitution, can be held in August, if a sufficient number of signatures is gathered in favour of it. The Democratic Coordination will have little difficulty assembling this quota. But the bar for removing the President is high. To clear it, the opposition must be able to muster a larger number of voters than those who had elected Chávez in the first place. For the moment, that looks beyond it. Still, the opposition is counting on the deep recession into which it has helped to plunge the country—but which the media are already blaming on Chávez, full-blast—to reverse the tide of opinion within the next three or four months. The endgame in Venezuela has yet to be played. How it turns out will affect the political balance in Latin America for some time to come.

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<sup>11</sup> Chávez has recently recognized this and has now established a joint urban and rural land transfer commission, primarily designed to encourage slum inhabitants to consider moving to rural settlements.