



## THE VENEZUELA OF HUGO CHÁVEZ

### Travelling in the Entourage Of President Luís Inácio Lula da Silva

By Thiago de Aragão

Guests in the now state-owned ALBA Caracas can hardly ignore the frenzy and chaos of the traffic outside the hotel. Also hard to overlook is the fact that the city's most important hotel has no milk nor sugar in store, the latter now being replaced with copious amounts of sweetener. To anyone arriving today in the Venezuelan capital, the difficulties so far imposed upon its people – and above all those which the government is bound to face – are conspicuous.



In addition to noticing a city neglected and rife with grime, the recurring, iconic imagery of Hugo Chávez dispersed all over Caracas, who at times is portrayed with a child in his arms or as though pointing to the future, will remind anyone with an average interest in world history of the images and pictures of Mao Tsé-Tung in communist China.

The group of business officials who joined President Lula in his visit to the country saw important, unique advancements. Most entrepreneurs whom I spoke with described the trip's outcome as positive. On the other hand, part of the Brazilian delegation charged the disorganisation of the event to their Venezuelan hosts. Unreasonable, constant changes in schedules and in agendas distressed many a delegate in President Lula's entourage.

The trade balance between Brazil and Venezuela, currently at \$5 billion, reveals a remarkable upward movement when compared to the \$500 million registered just in 2002. In addition to Venezuelan imports, which have risen at an impressive rate fuelled by soaring oil prices, the lack of domestic production has forced the country's government to procure even basic products in foreign countries. Venezuela's main partner still is Colombia, with the bilateral trade between both countries estimated in \$6 billions. Most staple products are manufactured in Colombia and often packaged in Venezuela as if they had been made here, I was told by a key Venezuelan businessman during a conversation at the hotel lobby.

The goal set concurrently by José Francisco Marcondes, chairman of the Brazil-Venezuela Chamber of Commerce, and by President Hugo Chávez aims at a trade balance between both countries in estimated \$10 billion until the year 2012.

When we consider the political arena, one can easily notice that the referendum still pervades the country's atmosphere. It is not unusual to see partisans of both the "Yes" and "No" sides wearing badges which speak of their stance on the topic. From now on it is possible to anticipate a move toward even greater centralisation in the government.

Even though he believes a new proposal for constitutional reform will be submitted for popular referendum sometime in the next two years, Chávez must, at least for the time being, deal with the prospect of stepping out of office in 2013. This possibility also implies a fierce internal skirmish among his subordinates to see who will replace their commander in power. The very



discussion by the media about the possibility of a substitute has proved fuel enough to deflagrate an internal conflict which may well undermine Chávez's support base.

It is expected that the president will most likely than not concentrate even more power around himself in addition to baffling as much as possible the very subject of a substitute in power.

Furthermore, the president's defeat in the referendum has meant a change in behaviour of the opposition. Although the opposition can lay claim to this victory, it truly and largely belongs to the student movement. While fiercely antagonising Chávez's proposal, the student activist movement at the same time refused to accept any politician from the opposition in their rallies. Having demonstrated mobilising capability and diffuse political positioning, the student movement is likely to be targeted for "soliciting" from both government and opposition. Each of these two power groups believes their troubles will simply disappear once and for all if they can but secure the students' support. Of course, the government's task is much more complicated. However, by taking advantage of his grip upon the state machinery and with the funds he intends to inject into student movements, Chávez may, if not bring students closer to him, at least neutralise their antagonistic influence.



The defeat in the referendum had already been expected by Chávez on the Friday before voting began. His incensed speech whereby he threatened the world with shutting off Venezuela's oil supply in case of defeat was conspicuous evidence that the president had information available showing that abstinence figures were quite high. Sources report that the Army was hours, if not minutes, from being deployed in the streets. Chávez intended supporters of the "Yes" to denounce a supposed electoral fraud if the "No" had won the referendum; in this case, the president would certainly have put the Army in the streets. This idea, however, was suppressed by the Armed Forces themselves and also by the feared General Baduel. On the following Monday, in the presence of top-tanking officers at the Army's headquarter, president Chávez admitted his defeat and dismissed any possibility of putting the Army in the streets. This proved one of the greatest defeats and one even rarer reprimand (by the Armed Forces) imposed on president Chávez since his election in 1998.

At any rate, the country's horizon in the short- and mid-terms is one of turmoil. Venezuela exhibits a pliability that is impressive. In a dinner which gathered the chief Brazilian investors in Chávez's country, all were unanimous to state that Venezuela is like a casino: those who know how to play will rack up a lot of money; loss, however, is just around the corner and arrives without giving notice.

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