

Hugo Chávez's Anti-Poverty Legacy: A Complicated Case

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On March 5th, 2013, Hugo Chávez died just months after his reelection. The cause of death for Venezuela's fourth-term president was cancer, a disease he had been fighting for years. He, himself, was considered a cancer to the world by some – seen as a man who had destroyed democratic institutions in an effort to solidify his claim to uninterrupted power in an oil-rich country with a poor population. Others saw him as a revolutionary to be admired - a leader with charisma and skill that should serve as an example to his region and had worked tirelessly as an anti-poverty crusader. What is undeniable is that Chávez was a polarizing figure, but whether his policies produced meaningful and sustainable change for the poor in Venezuela is to be determined with time. This paper aims to assess the positive and negative legacies of Chávez's anti-poverty policies and their future in a nation on the brink of resource exhaustion and political deterioration. It will first provide a review of basic indicators of development and then a brief historical review of the political situation in Venezuela and Chávez's rise to power. An overview of four main areas of social programming will be followed by an analysis of four "failures" of the Venezuelan system, leading to a discussion of Venezuela's growth over time and in comparison to other nations. The paper concludes with an analysis of the legacies of Chávez and implications for the future of poverty alleviation in Venezuela.

Where Venezuela Stands

Venezuela is a nation of 30 million, of which 31.9% (9.3 million) were in poverty in 2011.¹ In the same year the Gini Index measured 39, a lower, and better, measurement of equality than the United States at the same time.² International Human Development Indicators in 2011, measured by the United Nations Development Programme, showed a life expectancy of 74.6, a GNI per capita of \$11,475, and an HDI valued at 0.748.³ This data ranks Venezuela 71 out of 186 measured nations, far behind third-ranked United States (0.937) but far ahead of the lowest ranked Democratic Republic of Congo (0.304).⁴ In the years since Chávez took power, there have been HDI increases across the board, with an increase in life expectancy by 2.2 years, an increase in expected schooling by 3.9 years, an increase in GNI per capita by \$2,029, and an increase in overall HDI value by .086. In 1999, 48.7% (11.6 million) of the population was in poverty, dropping by 16.8% and 2.8 million by 2011.⁵ At face value, the data shows a decrease in poverty and an increase in basic social indicators, demonstrating a level of development in Venezuela under Chávez and the success of anti-poverty initiatives.

¹ World Bank, "Poverty & Equity Data: Venezuela, RB"

² CIA, "Distribution of Family Income - Gini Index"

³ UNDP, *2013 Human Development Report; Country Data Explanation: Venezuela*

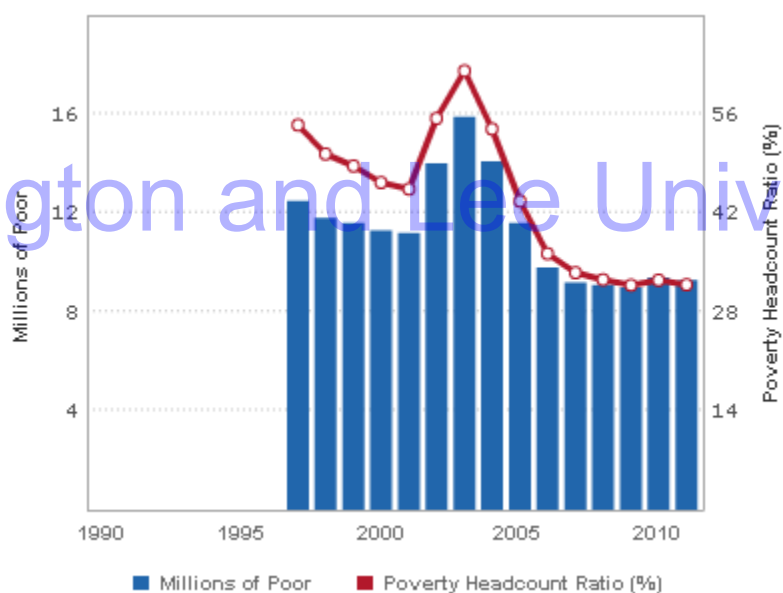
⁴ UNDP, "Human Development Index (HDI) Value"

⁵ World Bank, "Poverty & Equity Data: Venezuela, RB"

Table 1: Venezuela HDI Trends Over Time⁶

Table A: Venezuela (Bolivarian Republic of)'s HDI trends based on consistent time series data, new component indicators and new methodology					
	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (2005 PPP\$)	HDI value
1980	68.2	10	4.9	11,645	0.629
1985	69.7	10.5	5.1	9,159	0.633
1990	71	10.5	4.8	9,415	0.635
1995	71.8	10.9	5.3	9,895	0.654
2000	72.4	10.5	5.9	9,446	0.662
2005	73.2	12	6.5	9,770	0.694
2010	74.2	14.4	7.6	10,848	0.744
2011	74.4	14.4	7.6	11,068	0.746
2012	74.6	14.4	7.6	11,475	0.748

Graph 1: People Living Below National Poverty Line⁷



⁶ UNDP. "Country Profile: Venezuela (Bolivarian Republic Of)."

⁷ World Bank, "Poverty & Equity Data: Venezuela, RB"

A Brief History of Venezuelan Politics: The Backstory

In order to understand Chávez's impact on poverty, it is essential to understand his rise to power. The Chávez story really begins four years after his birth in 1954, with the establishment of the *Punto Fijo* in 1958. An agreement between the dominating parties, the AD and COPEI, the *Punto Fijo* ensured a constant "democratic" exchange of power for four decades. In the years that followed, Venezuela was considered one of the premier "democracies" in Latin America, showing economic growth and few internal or international issues. However, in the 1980s and 1990s, the global economy began to take a downturn, and commodities prices sunk resulting in an "oil glut" during which the price of a barrel of oil dropped to under \$10.⁸

Venezuela had long been an oil-based rentier economy,⁹ meaning that it was dependent on the resource for revenues. The country's economic and social well-being became intrinsically dependent on the stable or growing price of oil on the global market and was therefore shocked by the significant price decrease. By the time the oil price dropped, the *Punto Fijo* system was too set in its inefficient ways to effectively handle the economic and societal chaos that followed.¹⁰

By the 1990s, the commodities crisis had left Venezuela with a stagnant economy and a society worn down by the high poverty, high unemployment rates, and overall dissatisfaction

⁸ Mouawad, "Oil Prices Pass Record Set in '80s, but Then Recede."

⁹ A rentier economy is one which depends on rents from an existing resource (natural) that is sold outside of the nation's bounds.

¹⁰ Cannon, *Hugo Chávez and the Bolivarian Revolution: Populism and Democracy in a Globalised Age*, 47.

with the state of democracy in the nation.¹¹ The long-standing *Punto Fijo* had lost the nation's trust and revolutionary whispers could be heard throughout Caracas. By the time the election came around in 1998, over half of Venezuela's population was below the poverty line.¹² The government of the last few decades had done little to rectify the poverty epidemic and the poor performance of the nation's main product had led to disastrous scenes in the *barrios*.

Chávez saw his opportunity to rally the disenfranchised of Caracas around his cause. A military man of humble beginnings, Chávez marketed himself as of the people (only a few years later, Venezuelan's the nation over would state "*Yo soy Chávez*" in support of the president) and he was quickly adopted as a young, charismatic leader who promised to provide a different kind of democracy that would ensure that the wealth be spread. His anti-democratic tendencies, demonstrated in his unsuccessful coup against a democratically elected government in 1992, managed to escape major criticism. He had no official plan – no U.S. New

Deal and no Brazilian *Fome Zero*. His platform was simple: he sought to change the way that Venezuela had been run, citing a disdain for the oligarchy that had come before him during the *Punto Fijo*. His plan was two-fold; (1) change the ingrained institutions of politics in Venezuela and (2) improve the lives of the poor. The poor became his constituency, and remained so until his death. The *chávistas*, showed up *en masse* to support their candidate – the first viable opponent the *Punto Fijo* had seen in years. With the support of the people, Chávez won the

¹¹ Levitsky and Roberts, *The Resurgence of the Latin American Left* , 219

¹² World Bank, ""Poverty & Equity Data: Venezuela, RB""

1998 election with 56% of the vote and assumed leadership of Venezuela, ushering in a new era for the country and its impoverished population.¹³

Becoming Chávez

Despite his desire to enact significant change, Chávez started his government with a period of relative moderation in regards to policy. The economy was not at its strongest due to the continued low oil prices, and Chávez was unable to act on his anti-poverty policies until the oil revenues came back up. In the time being, he was a proponent of private investment and the economy remained stagnant, even decreasing, leading up to the attempted coup against Chávez and the PDVSA (Petróleos de Venezuela) general strike in 2002-2003.¹⁴ The former succeeded in removing Chávez from power for a few days but had no long lasting effect. The latter even worked in Chávez's favor, as he shut down operations and let the strike take its toll on the workers and the economy until production had to continue and the state took majority control of the company. Chávez, citing that "the oil belongs to the entire nation, not just an elite,"¹⁵ quickly nationalized PDVSA and subsequently fired over 18,000 employees.

Conveniently for Chávez, his PDVSA takeover was timely with the commodities boom that began in 2003, leaving his administration flush with cash and able to begin spending on social programming.¹⁶ While not part of his initial platform, Chávez capitalized on the

¹³ Melimopolous, "Obituary: Hugo Chávez."

¹⁴ Melimopolous, "Obituary: Hugo Chávez."

¹⁵ Ellner, *Rethinking Venezuelan Politics: Class, Conflict, and the Chávez Phenomenon*, 119.

¹⁶ Levitsky and Roberts, *The Resurgence of the Latin American Left*, 104.

opportunity to nationalize oil and to take a majority share of Venezuela's largest resource, conveniently allowing him a purse from which to fund various social programs. Four years into his presidency, Chávez finally had the funds he needed to create the social change he desired. When Chávez took office in 1999, the poverty rate in Venezuela was 49.4%¹⁷ and the price per barrel was \$15.¹⁸ The former would remain steady, hovering around half of the population, until the dramatic increase of the latter beginning in 2003. Quickly the price of a barrel of oil began to rise, and by 2008 it sold for over \$100.¹⁹ By 2009 it had dropped to \$70, still four times higher than the price when Chávez was inaugurated.²⁰ By the mid-2000s, the money was rolling in for Chávez, who began to establish social programs to please his constituents and achieve the poverty reduction that would play out in the next years.

Washington and Lee University

Mission Possible

On July 6, 2003, Hugo Chávez announced a plan for healthcare reform during the 155th episode of his television program, *Aló Presidente*. He stated “*El pueblo* now has *Mission Barrio Adentro*: free and integral medical healthcare for the excluded, the poor people. With Cuban medics and methods adapted to Venezuelan needs, hundreds of thousands of people start to fight that battle against obscurity . . . in places where poverty is distressing and no government

¹⁷ Venezuelan Embassy to the U.S. *ECLAC: Venezuela has Third-Lowest Poverty Rate in Latin America*.

¹⁸ Edwards, *Left Behind: Latin America and the False Promise of Populism*, 193.

¹⁹ Mouawad, “Oil Prices Pass Record Set in ‘80s, but Then Recede.”

²⁰ Edwards, *Left Behind: Latin America and the False Promise of Populism*, 193.

has ever tried to deal with their needs.”²¹ Barrio Adentro (BA) was the first of what would become a long string of social programs, *Misiones bolivarianas*, which would develop under Chávez’s tenure. Soon to follow was *Robinson* (literacy), *Robinson II* (primary education), *Sucre* (university education), *Ribas* (secondary education), and *Mercal* (subsidized food), among others. By 2006 there were 20 missions being funded by oil rents²² and real social spending per capita had increased by 314%.²³

Health Care

Barrio Adentro has become the flagship mission under Chávez – a program that serves millions each year. Set up as community clinics, each facility is staffed by doctors who treat local patients. The doctors are primarily Cuban; traded as human capital in exchange for exceptionally low oil prices. In 2003 alone, BA attended to over 9 million patients, many of whom did not have access to medical care otherwise.²⁴ In the years that followed the installation of BA, life expectancy continued on its upward trajectory²⁵ and more underserved citizens were given access to medical care. After 5 years, the Venezuelan government called BA a success, with over 15,000 clinics having “saved” nearly 350,000 lives in that short time.²⁶ Barrio Adentro has clearly and indisputably increased access to medical care for the poor by setting up clinics in communities all over Venezuela and allowing healthcare to be administered directly to the populous. One indicator of this increased coverage is the decrease in infant

²¹ Brading, *Populism in Venezuela*, 97. Translated from Spanish.

²² Levitsky and Roberts, *The Resurgence of the Latin American Left*, 224

²³ Weisbrot, “An Empty Research Agenda,” 5.

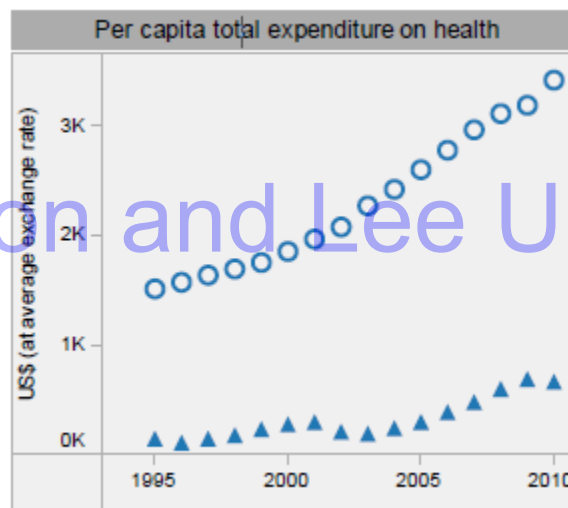
²⁴ Brading, *Populism in Venezuela*, 93.

²⁵ UNDP, “Country Profile: Venezuela (Bolivarian Republic Of)”

²⁶ Gobierno Bolivariano De Venezuela. *5 Años Salvando Vidas*.

mortality rates, down from 20/1000 in 1999 to 13/1000 in 2011.²⁷ However, not all aspects of health have improved under Chávez, and the overall healthcare system still lacks adequate infrastructure. While the clinics of BA are able to help alleviate the medical ailments of the population, they are limited in the services they can render and are subject to shortages of supplies and medicines. Jonathon Eastwood, Professor of Sociology at Washington and Lee University, cited his experiences visiting some local clinics, during which patients had to bring their own gauze for treatment.

Graph 2: Per capita total expenditure on health: Venezuela vs. Region 1995-2010²⁸



The larger healthcare system suffers from chronic underfunding and insufficient infrastructure, with many hospitals falling apart around the hordes of doctors. Maternal mortality has increased under Chávez and BA, rising from 56/100,000 in 2000 to 92/100,000 in 2010.²⁹ As can be seen in Graph 2, Venezuela is far behind the region in spending on health, despite the large increases in clinics. This is likely due to the fact that Cuban doctors are funded

²⁷ Sedghi, "How Did Venezuela Change under Hugo Chávez?"

²⁸ World Health Organization. *Venezuela (Bolivarian Republic Of): Health Profile*.

²⁹ CIA. "Maternal Mortality Rate."

through oil subsidies and not much investment has been made in the actual infrastructure of the Venezuelan health system. While an increase is noted after 2005, per capital total expenditure on health is currently \$2,000 below the regional average, indicating that Venezuela did not truly revolutionize its health care system. Regardless of the caveats, Barrio Adentro is immune to much criticism, having received praise from numerous international health organizations, as well as from the opposition in Venezuela.

Education

Education was prioritized second only to healthcare under Chávez. In 2003 he instituted several missions that aimed to increase access to education at all levels and reduce illiteracy in Venezuela. The first of these, *Misión Robinson*, targeted illiteracy in the adult and elderly population. The government hired thousands of teachers to help illiterate Venezuelans learn to read, and by 2005 Chávez declared that Venezuela was a “literacy-free territory.”³⁰ But the gains of Robinson were not as clear as those of BA, and its reach was not quite as far. Although Chávez and the government claimed 0.01% illiteracy after two years of the program, other statistics showed that there were still over 1 million illiterate persons in Venezuela; down from 1.1 million prior to Robinson. Additionally, no records could be found of the supposed 210,000 trainers who had been employed.³¹ Other education programs like *Robinson II*, *Sucre*, and *Ribas*, all function to increase access to education for Venezuelans and they have shown some success. The Human Development report shows an increase in mean years of schooling, from 5.9 in 2000 to 6.5 in 2005, after the missions began, and to 7.6 by 2012. Expected schooling is

³⁰ Rodriguez, “An Empty Revolution: The Unfulfilled Promises of Hugo Chávez,” 55.

³¹ Rodriguez, “An Empty Revolution: The Unfulfilled Promises of Hugo Chávez,” 55.

now 14.4, or 3.9 years more than it was in 2000.³² Higher education is free under the 1999 constitution, allowing access for the poor, and there are over 90 universities in the country.

Food

The 1999 constitution of Venezuela guarantees a secure food supply for all citizens, yet food shortages and insecurity remain a part of Venezuelan life 15 years later.³³ Chávez hoped to rectify the problem with the creation of *Mercal* in 2003, a chain of government-owned grocery stores that provides highly subsidized food for millions of Venezuelans. With over 16,000 stores, *Mercal* can be found in every community in Venezuela, providing access to foodstuffs that were, and still can be, hard to come by.³⁴ Shortages remain an issue in the private sector, where many Venezuelan's must fight for basic groceries, like sugar, at the non-government store. Bills at *Mercal* are generally 25-50% less than those at private grocers, providing more incentive to shop at the government locations and easier and cheaper access to sufficient food for the poor. In many ways, *Mercal* is a government solution to a government problem.

Enormous inflation rates and an inefficient currency have led to an inability for many to afford a basic food basket on a minimum wage salary without shopping at the subsidized stores. The shortages that *Mercal* compensates for are caused by a lack of sufficient and efficient investment in food sovereignty for Venezuela. Instead of putting oil money into agricultural development, it is put into importing foodstuffs to overcome the shortages of a failing agricultural industry. Meat comes from Argentina and powdered milk from New Zealand,

³² UNDP, "Country Profile: Venezuela (Bolivarian Republic Of)"

³³ Crossfield, "Venezuela's Radical Food Experiment"

³⁴ Smith, "A Food Fight for Hugo Chávez"

causing food imports to reach \$7.5 billion in 2008, up from \$1.3 billion in 1999 when Chávez took office.³⁵ There are missions that deal with food production, like *AgroVenezuela*, but they have failed to initiate tangible progress towards food sovereignty for the nation, even though Venezuela has thousands of miles of arable land and an extensive coast that would be ripe for fishing if it wasn't so damaged by pollution from the many oil rigs and refineries that dot it.³⁶

Housing

One of the most acute crises facing Venezuela today is housing. A problem before Chávez's time, the government vowed action over the last 15 years to work to rectify the situation. In 2003, over 3 million Venezuelan's were considered to have inadequate housing.³⁷

This large figure is not surprising given the predominantly urban make-up of the Venezuelan population and the extensive slums that dot the hills surrounding Caracas. In the capital city alone there is a shortage of at least 400,000 units, and government construction has been slow.³⁸ Although *Gran Misión Vivienda Venezuela* has built over 300,000 dwellings to date, it is still functioning far beneath necessity and has been unable to keep up with the demand for housing – the waiting list numbers over 2 million families.³⁹ The housing problem has become so severe in Caracas that instances of squatting have increased dramatically. A particularly distressing scene appears in an abandoned office building, colloquially known as “La Torre De David,” or the Tower of David. Named after the investor who subsequently dropped the project

³⁵ Smith, “A Food Fight for Hugo Chávez”

³⁶ Crossfield, “Venezuela’s Radical Food Experiment”

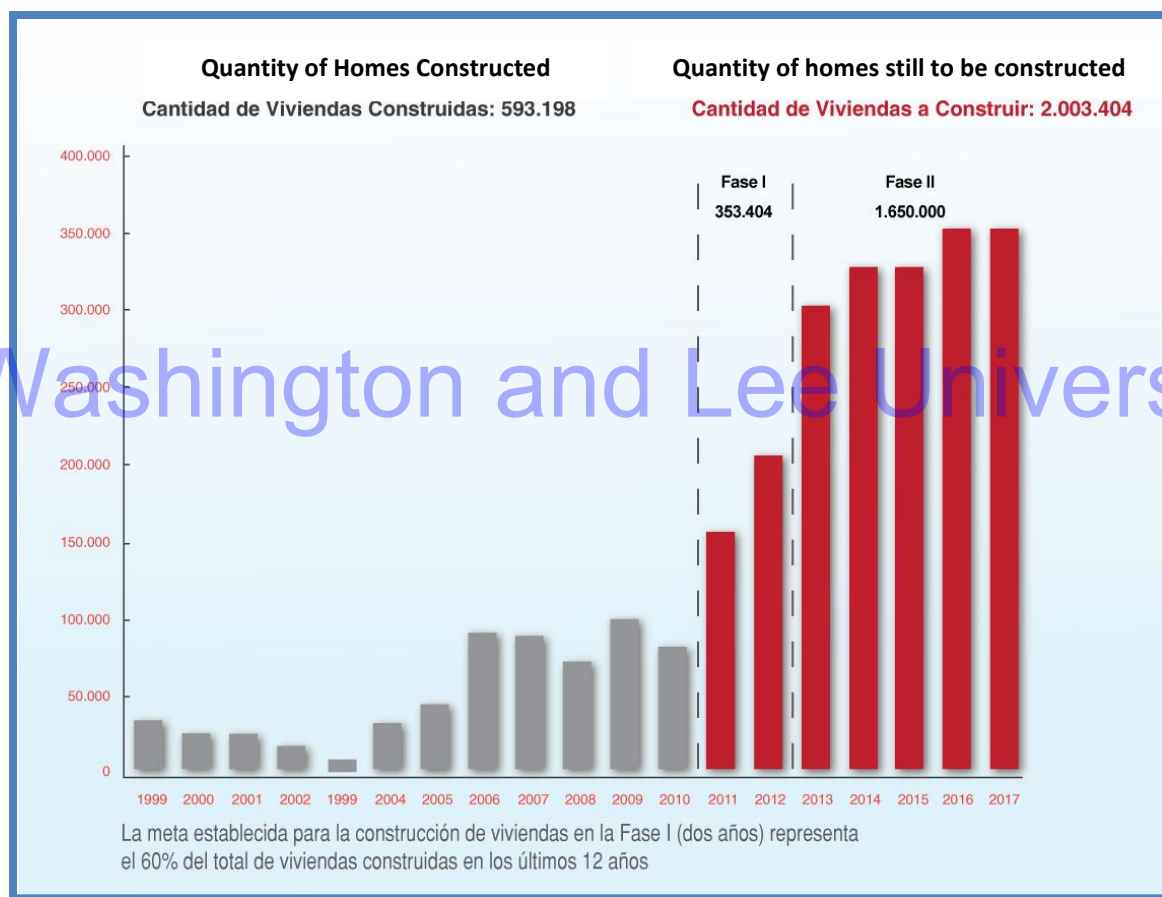
³⁷ Toothaker, “Venezuela Housing Crisis: Hugo Chávez Struggles With Severe Affordable housing Shortage”

³⁸ Romero and Díaz, “A 45-Story Walkup Beckons the Desperate”

³⁹ Brading, *Populism in Venezuela*, 143

in the midst of the financial crisis in the 1990s, the Tower of David is an unfinished skyscraper that reaches 45-stories and houses over 2,500 squatters.⁴⁰ The building has become a symbol of the shortcomings of the Chávez government and a reminder of the promises unfulfilled for the poor of the nation. Chávez urged patience for the Venezuelan’s in need of government housing, stating, “We are resolving numerous problems such as housing all at once.”⁴¹

Graph 3: Progress and Goals of Gran Misión Vivienda Venezuela (Housing)⁴²



⁴⁰ Romero and Díaz, “A 45-Story Walkup Beckons the Desperate”

⁴¹ Toothaker, “Venezuela Housing Crisis: Hugo Chávez Struggles With Severe Affordable housing Shortage”

⁴² Gobierno Bolivariano De Venezuela. "La Misión: Objetivo." *La Gran Misión Vivienda Venezuela*.

Mission Impossible: The Failures of the “Bolivarian” Scheme

With dozens of missions, the Chávez government took significant action on a variety of issues. Beyond healthcare, education, food, and housing, it attempted to tackle unemployment, pensions, indigenous rights, and even promoted the use of compact fluorescent light bulbs. Economic growth has caused a large increase in the national budget and thus total social spending has also increased, but the percentage of the national budget dedicated to these endeavors has remained at around 25% - the pre-Chávez level.⁴³ These missions have had successes, but their scope has, at times, been overblown. With the influx of oil revenues, it was expected that social initiatives would greatly increase, but there was never a marked effort to increase prioritization of social spending under Chávez, even with increased funds.⁴⁴ What good the missions have done must be measured against the negative consequences of the Chávez social program. While his social programs took a hardline approach and attempted to directly assault the problem, Chávez was victim (and perpetrator) of many typical ailments to anti-poverty policy including favoritism and corruption, deterioration of democratic institutions, rampant crime, and, perhaps most significantly, inflation and economic mismanagement.

Favoritism and Corruption

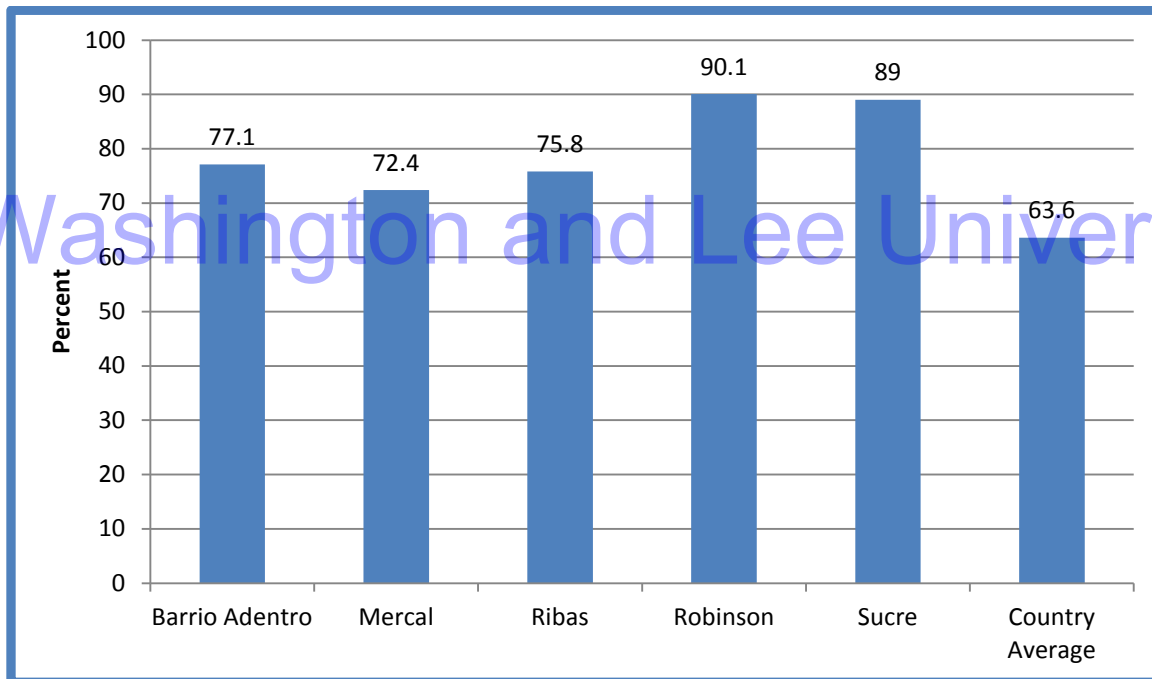
The missions have been found to be somewhat skewed in their prioritization and approval, and the beneficiaries tend to be disproportionately pro-Chávez. As can be seen in Graph 4, support of Chávez among Mission participants was at least 10 percentage points

⁴³ Cannon, *Hugo Chávez and the Bolivarian Revolution: Populism and Democracy in a Globalised Age*, 98.

⁴⁴ Hawkins, *Venezuela's Chavismo and Populism in Comparative Perspective*, 202.

higher than the support of Chávez among the general population in 2007. This shows that mission participants were more likely to be supporters of Chávez, either because they benefited from the missions and therefore supported him, or they benefited from the missions *because* they supported him. This information hints at a greater issue in Chávez's government – pervasive favoritism and corruption - supported further by the countless testimonies of opposition supporters who have been neglected services or goods based on their political views.

Graph 4: Chávez support among Mission Participants (2007)⁴⁵



It is widely known that Chávez maintained records of those who had registered in opposition to him, and was certain to distribute benefits thusly. After his presidency was put to a recall referendum in 2004, the names of the over 3 million petitioners were published,

⁴⁵ Hawkins, *Venezuela's Chavismo and Populism in Comparative Perspective*, 226.

causing many to lose their jobs or be denied government services.⁴⁶ He accounted for his supporters and dissidents further by establishing *consejos comunales*, or community councils, that functioned doubly to provide more political agency for local communities and to keep track of and reward his supporters. Participation in the *consejos comunales* is overwhelmingly pro-Chávez, and the president was able to use information and registries to distribute funds, programming, and infrastructure to his loyal constituents. Francisco Toro, a Venezuelan political blogger put it simply in 2012 by stating, “The economy is so state-dependent and the state is not at all shy about shutting off the flow of benefits to those that don’t support Chávez personally.”⁴⁷ While Chávez was working to create a truly populist state, he was not concerned with the entire populace.

The fine line between favoritism and corruption was often crossed under Chávez. A consumer protection law passed in 2010 enabled Chávez to expropriate any business for the betterment of Venezuela and its citizens. Nationalization had become a trend under Chávez and private business owners cited concerns of harassment from the government. Private construction fell as firms feared expropriation and Chávez commissioned allied nations like Russia and Cuba to assist with construction of housing under *Vivenda Venezuela*.⁴⁸ Grocery store owners are subject to frequent visits from government inspectors, tax officials, and representatives from local *consejos comunales*. Already out-priced by 40% government

⁴⁶ The Economist, “Venezuela after Chávez: Now for the Reckoning”

⁴⁷ Agren, “Strongman On The Run”

⁴⁸ Toothaker, “Venezuela Housing Crisis: Hugo Chávez Struggles With Severe Affordable housing Shortage”

subsidies, private grocers are perpetually subject to indiscriminate closures and price controls at the will of the government.⁴⁹

The holdings of land owners were at risk as government seizure of land under the guise of redistribution was frequent but generally unproductive. Although land was be given to (or taken by) the impoverished, it rarely saw investment or infrastructure that could effectively promote production and self-reliance, let alone food sovereignty for the nation.⁵⁰ Even private homes could be redistributed if they were rented out and the tenants petitioned to take control of the property.

¿Democracia?

The system that Chávez's Venezuela developed had elements of democracy and autocracy, blended together to create a hybrid regime. In hybrid regimes there are democratic freedoms and free elections, but changes to the democratic institutions have allowed the executive power without many checks and balances.⁵¹ In Venezuela, the elections may be free but that does not require them to be fair, and while private media remains, the state exercises some control over the content and has purchased the majority of news stations. Chávez took large leaps towards autocracy with his various small steps towards more power by rewriting the nation's constitution in 1999, extending the Presidential term, establishing *consejos comunales* and winning his second referendum to demolish Presidential term limit. This move to end term

⁴⁹ Smith, "A Food Fight for Hugo Chávez"

⁵⁰ Crossfield, "Venezuela's Radical Food Experiment"

⁵¹ Corrales and Penfold, *Dragon in the Tropics: Hugo Chávez and the Political Economy of Revolution in Venezuela*, 1.

limits was a means to remove one of the last checks on the executive's power and allowed him allowed Chávez new ability to institute his personal policies.⁵²

The election for Chávez's successor is scheduled for April 14th, 2013. Venezuela's interim President and Chávez's chosen candidate, Nicolas Maduro, will face off against Henrique Capriles, who lost by a slimmer than expected margin to Chávez in the October 2012 vote. Maduro is the clear favorite to win, not because of his charisma or his experience, but because he is who Chávez chose. Capriles, a moderate who is in favor of keeping missions that have shown success (like *Barrio Adentro*) but against the unraveling of democratic institutions that has occurred, is not likely to rise above the dense cloud that Chávez has left over Venezuela and its voters.

Chávez had no qualms about defining his system as a socialist and statist society, and increasingly argues that "socialism is the only form of government that safeguards the people's interests" regardless of the erosion of checks and balances.⁵³ The funding of thousands of *consejos comunales* empowered the smaller communities and allowed millions of Venezuelans to participate in the political system that they previously felt excluded from.⁵⁴ However, since these community councils were run by *chavistas* (Chávez supporters) and had few guidelines for their budgets, they became unique institutions by which Chávez was able to communicate and interact directly with his most loyal constituents and keep their favor. There

⁵² Corrales and Penfold, *Dragon in the Tropics: Hugo Chávez and the Political Economy of Revolution in Venezuela*, 37.

⁵³ Myers, "Venezuela: Delegative Democracy or Electoral Autocracy?," 288.

⁵⁴ Ponniah and Eastwood, *The Revolution in Venezuela: Social and Political Change under Chávez*, 125.

is certainly an argument for putting money with the community since they know what the community needs most, but the inevitable *chavista* influence gives the feeling that the *consejos comunales* are not always the most transparent organizations.

Perhaps the largest deterioration of democratic institutions came in 1999 when Chávez initiated a new constitution that provided the Executive branch with unprecedented power in Venezuela and in the region. After the constitution was approved, Chávez became immune to impeachment and had gained legislative powers that few other Latin American leaders had. Chávez had made the other branches secondary to his, and ensured that the courts were packed with his supporters.⁵⁵ He kept local opposition-party politicians at bay by distributing funds directly to his *consejos comunales*, and extended the Presidential term from 4-years to 6-years. In 2005, a referendum was passed that abolished term limitations for the president – enabling Chávez the ability to seek office for as many years as he liked. His intention to serve until 2030 While he passed just months into his fourth term, it is safe to say he would have held power for many more without health complications.

Crime and (No) Punishment

One of the most intrinsically detrimental aspect in Venezuelan society today is crime. Even beyond the anti-democratic policies, the corruption and favoritism, and the economic instability, it is crime that is destroying the foundations of development and anti-poverty initiatives in Venezuela. In an anecdotal (yet factual) statement, it is safe to say that no one in Venezuela has been immune to the effects of crime under Chávez's tenure. Armed robbery,

⁵⁵ Corrales, Javier. "The Repeating Revolution: Chávez's New Politics and Old Economics"

kidnapping, murder, and rape have become common place across Venezuela – not limited to the poor *barrios* or the urban centers. Attempts by Chávez to solidify his control by dismantling the existing police structure during the early years of his term did little to help promote public safety in Venezuela, and the government has had to fight against the violence for many years. Nicolas Maduro, Chávez’s likely successor, has stated that his administration would take on the crime issue by establishing “Courts of Peace” and “territories of peace,”⁵⁶ but has not offered many other suggestions and does not hope to deviate far from the path that Chávez laid.

Venezuela has a relatively small drug industry and few gangs in comparison to neighboring high-crime nations. Yet, despite the absence of these crime stimulators, there were 53 murders a day in Venezuela in 2011. Crime has increased as poverty has decreased – a rare phenomenon – as 67 out of every 100,000 citizens are murdered. This rate is far higher than Mexico (15/100,000) and Colombia (38/100,000), both nations with long histories of drug cartel violence. Abductions have increased 20-fold since Chávez took office; measuring at 1,105 a year in 2011 and nearly 150,000 Venezuelans were murdered during Chávez’s presidency.⁵⁷ It is surmised that the political polarization under Chávez may have had an influence on the crime rates in recent years, hinting that a basic decrease in poverty statistics and an increase in social programs does not necessarily mean the society is better off. In short, Venezuela is not a safe nation and it is not one where its citizens feel secure in their belongings or their personal safety. If there is no safety, there can be no true development, and a lack of security keeps anti-poverty initiatives from reaching their full potential.

⁵⁶ Hanson, "Venezuela's Interim President Madura Addresses a Topic Chávez Largely Avoided - Crime."

⁵⁷ Arsenault, "Venezuela Crime Soars Amid Declining Poverty"

Running on fumes

Despite the massive influx of oil money, the Chávez administration was woefully unable (or unwilling or uninterested) to diversify its resources in a meaningful and sustainable way that would outlast the reserves. This is perhaps the clearest reason why the advances made by Chávez will likely prove unsustainable in the long run. Long dependent on oil revenues, the Venezuelan petro-state had a mono-commodity history that left it in a lurch various times under the administration of Chávez and those that came before him.

Table 2: Oil and non-Oil Exports as a % of Total Exports 1999-2011⁵⁸

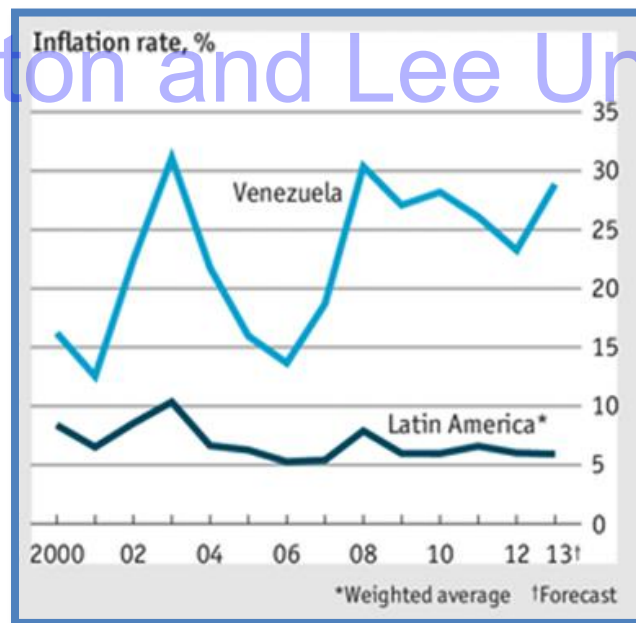
Year	Oil	Non-Oil
1999	80%	20%
2000	83%	17%
2001	82%	18%
2002	80%	20%
2003	81%	19%
2004	83%	17%
2005	86%	14%
2006	88%	12%
2007	91%	9%
2008	94%	6%
2009	95%	5%
2010	95%	5%
2011	95%	5%

This oil dependency is clearly visible in Table 2, where Venezuela's exports became increasingly oil-oriented under Chávez. That Chávez took power while there were 80% oil-exports shows that he was not entirely to blame for setting the foundations for an oil-

⁵⁸ Puente, José Manuel. *Renta Y Revolución: La Economía Política De Venezuela Durante El Gobierno De Hugo Chávez*, 6.

dependent economy. However, the increasing dependence under Chávez is clear as is the decreased investment in non-oil industries. Venezuela's dependence on a mono-commodity puts the economy at the whim of the commodities price, which is ever-changing and therefore not guaranteed to remain constant or increase. Oil is responsible for 50% of the federal budget of Venezuela and 30% of its GDP.⁵⁹ This dependency would generally indicate that a drop in the commodities price over the long term would severely impact the capabilities of the government to provide services for its citizens. It becomes quite clear that Venezuela's ability to continue its social programs and work towards poverty alleviation and eradication is highly contingent upon the price of a barrel of oil. Without oil there would have been no Chávez and certainly no *misiones*.⁶⁰

Graph 5: Inflation Rate (%) of Venezuela and Latin America 2000-2013⁶¹



⁵⁹ Clem and Maingot, *Venezuela's Petro-diplomacy: Hugo Chávez's Foreign Policy*, 9.

⁶⁰ Clem and Maingot, *Venezuela's Petro-diplomacy: Hugo Chávez's Foreign Policy*, 1.

⁶¹ The Economist, "Venezuela After Chávez: Now for the Reckoning"

Since 2003 the price has been high, allowing the government to invest large sums into its missions. But a potential bust in the commodities prices or the loss of a large market could spell disaster for a nation that is already weighed down by intense inflation and an unstable currency. An inability or unwillingness to diversify its production has left Venezuela at risk of market collapse pending a decrease in the oil price.

Under Chávez

So how has Chávez changed Venezuela? And has he done so for better or for worse?

The numbers have shown a decrease in extreme poverty, down from 23.4% in 1999 to 8.5% in 2011⁶² as well as a decrease in overall poverty from 48.7% in 1999 to 31.9% in 2011.⁶³ Other

improvements have been seen in healthcare, where millions of Venezuelan's have gained access to clinics through *Misión Barrio Adentro*, and infant mortality rates have gone down while life expectancy has increased. More schools have been built and students are staying in them longer. Literacy has also increased as has government housing construction.

Unemployment went down from 14.5% in 1999 to 7.5% in 2009.

But these improvements, unfortunately, have caveats. Poverty has gone down but nearly a quarter of Venezuelans remain impoverished, many living in the hillside *barrios* of Caracas where millions are experiencing a severe housing shortage. Healthcare access has increased, but the healthcare system lacks infrastructure and supplies, and maternal mortality nearly doubled under Chávez. While literacy has gone down, it was a small decrease, and more

⁶² Sedghi, Ami. "How Did Venezuela Change under Hugo Chávez?"

⁶³ World Bank, "Poverty & Equity Data: Venezuela, RB"

than 1 million Venezuelans remain illiterate. More Venezuelan's have access to subsidized food, but the government has become dependent on imported goods and frequently experiences shortages in a variety of goods. Purchasing a market basket of food is nearly impossible while earning the minimum wage without shopping at *MercaL*. Unemployment was lowered mainly due to an increase in government jobs at nationalized firms, and it was Chávez supporters who benefitted.

Beyond the caveats there are the cons. Venezuela has one of the highest murder rates in the world, creating an unstable environment and promoting a feeling of insecurity throughout society. The currency is also unstable and insecure, facing multiple devaluations and constant inflation. Venezuela under Chávez became increasingly dependent on oil and did not diversify its assets or investments. The government spent all of the money instead of investing in other industries, and thus has little to show for its massive oil revenues which increased from \$14.4 billion in 1999 to \$60 billion in 2011.⁶⁴ Nationalization has made the government companies inefficient and underproductive, leaving Venezuela at risk of losing all progress made if the oil prices drop. Nationalization has also caused private construction and private business to decrease greatly for fear of government expropriation.⁶⁵

A comparison to other nations is helpful to understand if the decrease in poverty and increase in basic social indicators under Chávez was his doing or simply a tide in the region. Additionally, comparing to other countries (especially in the region) allows for a better understanding of the legacies (both positive and negative) of the Chávez government. Once put

⁶⁴ Sedghi, Ami. "How Did Venezuela Change under Hugo Chávez?"

⁶⁵ Romero and Díaz, "A 45-Story Walkup Beckons the Desperate"

into a comparative perspective, it becomes clearer that Venezuela was not the only country in South America making improvements during the same time period, although it has often been deemed an example for the region under Chávez.

Table 3: Venezuela HDI Measurements in 2012 Compared with Region⁶⁶

	HDI value	HDI rank	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (PPP US\$)
Venezuela (Bolivarian Republic of)	0.748	71	74.6	14.4	7.6	11,475
Peru	0.741	77	74.2	13.2	8.7	9,306
Colombia	0.719	91	73.9	13.6	7.3	8,711
Latin America and the Caribbean	0.741	—	74.7	13.7	7.8	10,300
High HDI	0.758	—	73.4	13.9	8.8	11,501

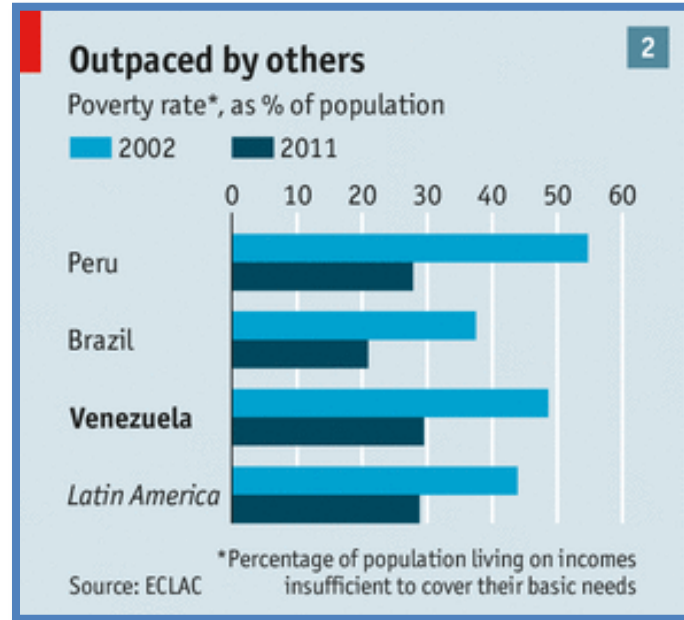
A quick look at Table 3 shows that Venezuela's Human Development Indicators in 2012 were not that different from those of Peru, Colombia, or the average for Latin American and

the Caribbean. This data indicates that while Venezuela did improve over time under Chávez, it was not necessarily due to Chávez. During the same time period, nations like Brazil

implemented social programs like *Fome Zero* that target poverty and saw great results.

Colombia recovered from a violent decade in the 90s to score on par with Venezuela in these basic indicators. While Venezuela scored higher than the region in many categories of measurement, it did not do so by much, showing that the increases were likely highly dependent on the increased GDP (oil money) and not on the specifics of the Chávez regime.

⁶⁶ UNDP. "Country Profile: Venezuela (Bolivarian Republic Of)."

Graph 6: Poverty Reduction Compared to Region⁶⁷

As seen in Graph 6, poverty reduction in Venezuela was significant under Chávez, dropping over 15%, but other nations in the region experiences larger decreases even if their percentages remain higher. Peru saw a decrease in poverty of more than 20% from 2002 to 2011, while Brazil lowered its overall poverty to just above 20%, about 10% lower than Venezuela's rate. Venezuela's poverty rate in 2011 was even slightly higher than the Latin American average, despite having the third-lowest poverty rate in the region in 2012.⁶⁸

The Legacy

Prior to Hugo Chávez, no Venezuelan leader had ever declared that helping the poor is more important than help the rest of society. When he stated that "The oil belongs to the

⁶⁷ The Economist. "Venezuela after Chavez: Now for the Reckoning."

⁶⁸ Venezuelan Embassy to the U.S. *ECLAC: Venezuela Has Third-Lowest Poverty Rate in Latin America*.

entire nation, not just an elite," Chávez set the groundwork for a dramatic change in the way Venezuelan's viewed themselves and the way the government viewed Venezuelans.⁶⁹

Government programs, *misiones*, served to provide health, education, food, housing, and other services to the population – using funding from the large oil revenues. Democratic institutions were simultaneously built up and destroyed, as elections continued and *consejos comunales* were established, but term limits removed and executive powers extended. Poverty and unemployment went down greatly while access to healthcare and education increased. Yet many of these programs have been subject to great inefficiencies and citizens have had trouble receiving services in a timely and consistent manner.⁷⁰

Although individual growth statistics are impressive on the surface, overall growth in Venezuela has been limited. GDP increases have come with an increase in oil prices, and overall booms in the market have benefitted Venezuela as they have most other countries. It is the busts that show the depth of the issue in Venezuela – a nation that is much more affected by a poor global economy than others that have diversified interests and industries. Inflation persists as a constant issue in the country, and government income is based solely on the price of a barrel of oil. During Chávez's time in office, other nations in the region, like Chile, Costa Rica, and Peru have shown greater growth rates and Bolivia, Brazil, El Salvador, Panama, and Paraguay have all seen more effective redistribution policies according to the UN.⁷¹

⁶⁹ Ellner, *Rethinking Venezuelan Politics: Class, Conflict, and the Chávez Phenomenon*, 133.

⁷⁰ Neumann, "Chávez Transformed the Way Venezuelans Views Themselves."

⁷¹ Edwards, *Left Behind: Latin America and the False Promise of Populism*, 200-203.

The Chávez legacy is a multifaceted one. It is true that poverty dropped under his government, but it has not been determined that this drop was due (either exclusively or primarily) to his policies. The social gains that Chávez helped achieve in Venezuela were large, and many of the poor in the nation benefited greatly from his *misiones*, but the negative legacies he left behind will cause the positive ones to be unsustainable in the long-run. Chávez did not diversify or invest; he merely reaped the oil profits and dispersed them into communal councils and dozens of social programs that are, at times, overrun with inefficiencies and bogged down by shortages and complications. His inability to adequately prepare for life after oil (or life after \$135 a barrel prices) has left Venezuela on track to run out of money soon. Chávez, however, got out in time.⁷² In passing before the inevitable crash, Chávez was able to leave a legacy that will survive long beyond him and his successors. Much like Peron, Chávez has already established a cult of personality that will exist for decades in Venezuela as a constant reminder of the “golden years”. But in the case of Chávez ‘s Venezuela - nothing gold can stay.

On my honor, I have neither given nor received any unacknowledged aid on this paper.

Ali Greenberg

⁷² The Economist, "Hugo Chávez 's Rotten Legacy."

APPENDIX:**Misiones Bolivarianas**

Mission	Area of Emphasis
Barrio Adentro (2003)	Health care
Robinson (2003)	Literacy
Robinson II (2003)	Primary education
Sucre (2003)	University education
Ribas (2003)	Secondary education
Guaicaipuro (2003)	Communal land titles and indigenous rights
Miranda (2003)	Civilian military reserve
Piar (2003)	Small-scale mining and environmental sustainability
Mercal (2003)	Subsidized food
Identidad (2004)	Identification cards and records of mission aid recipients
Vuelvan Caras (2004)	Endogenous and sustainable economic development
Habitat (2004)	Housing
Florentino (2004)	Promoting “No” vote on recall referendum
Corazón Adentro (2004)	Cultural programming
Zamora (2005)	Land redistribution
Cultura (2005)	Popular culture in the arts
Vuelta al Campo	Urban to rural migration for impoverished and unemployed
Negra Hipólita (2006)	Marginalized group assistance (homeless, handicap, drug addicts, etc.)
Ciencia (2006)	Scientific research
Madres del Barrio (2006)	Assistance for impoverished mothers
Arbol (2006)	Reforestation and environmental education
Energía (2006)	Light bulb replacement

Bolivarian Gran Misiones

Gran Misión	Area of Emphasis
En Amor Mayor (2011)	State pensions for the elderly
Vivienda Venezuela (2011)	Housing
Hijos de Venezuela (2011)	Assistance for extreme poverty groups (pregnant women, disabled, children, etc.)
Saber y Trabajo (2012)	Unemployment
A Toda Vida Venezuela (2012)	Social and political rights, violence and community security

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