

RECENT VENEZUELAN
POLITICAL STUDIES:
A Return to Third World Realities*

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STRONG PARTIES AND LAME DUCKS: PRESIDENTIAL PARTYARCHY AND FACTIONALISM IN VENEZUELA. By Michael Coppedge. (Stanford, Calif.: Stanford University Press, 1994. Pp. 241. \$45.00 cloth.)

LESSONS OF THE VENEZUELAN EXPERIENCE. Edited by Louis W. Goodman, Johanna Mendelson Forman, Moisés Naím et al. (Washington, D.C., and Baltimore, Md.: Woodrow Wilson Center Press and Johns Hopkins University Press, 1995. Pp. 420. \$70.00 cloth, \$24.95 paper.)

DEMOCRACY FOR THE PRIVILEGED: CRISIS AND TRANSITION IN VENEZUELA. By Richard S. Hillman. (Boulder, Colo.: Lynne Rienner, 1994. Pp. 198. \$36.50 cloth.)

VENEZUELAN DEMOCRACY UNDER STRESS. Edited by Jennifer McCoy, Andrés Serbin, William C. Smith, and Andrés Stambouli. (New Brunswick, N.J.: Transaction, 1994. Pp. 288. \$21.95 paper.)

PAPER TIGERS AND MINOTAURS: THE POLITICS OF VENEZUELA'S ECONOMIC REFORMS. By Moisés Naím. (Washington, D.C.: Carnegie Endowment, 1993. Pp. 180. \$24.95 cloth, \$10.95 paper.)

VENEZUELA IN THE WAKE OF RADICAL REFORM. Edited by Joseph S. Tulchin, with Gary Bland. (Boulder, Colo.: Lynne Rienner, 1993. Pp. 183. \$9.95 paper.)

DECADENCIA Y CRISIS DE LA DEMOCRACIA. By Aníbal Romero. (Caracas: Panapo, 1994. Pp. 139.)

The mass rioting that shook Venezuela during the week of 27 February 1989 is now viewed as a watershed that shattered myths regarding the nation's supposedly unique social, economic, and political stability. This event changed the way Venezuelans perceived themselves and their government. The national image prevailing until then, as well as some of the generally accepted distortions, had influenced scholars writ-

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ing on Venezuela over the years. Thus it is not surprising that “el 27 de febrero” also represents a watershed in Venezuelan political studies.

Works published prior to 1989, particularly those by foreign analysts, were optimistic to an extreme, looking on Venezuela generally as a showcase for the rest of Latin America (see Coppedge, *Strong Parties and Lame Ducks*, p. 5). Now, in contrast, political analysts view Venezuela’s democracy as more precarious than those of neighboring countries previously run by generals. In an attempt to explain this reversal in thinking, contributors to one of the anthologies under review here, *Venezuelan Democracy under Stress*, suggest that incipient democracies are in a better position to deepen political reform because of a groundswell favoring democratic change (p. 161). Venezuelan democracy, it may be argued, is disadvantaged in having been subject to erosion of support and disillusionment over several decades, a process brought to the surface by the events of February 1989. Moisés Naím complements this thesis in *Venezuela in the Wake of Radical Reform* by maintaining that Venezuelan democracy exhibited a populist bent with a heavy dose of state interventionism. The organized sectors that benefited from the system are now obstructing democratic reform designed to limit centralized control in economic and political spheres (pp. 71–73). It can thus be inferred that countries formerly under military rule, with their clear-cut institutional break with the past, enjoy an advantage over Venezuela, whose forty-year tradition of democracy has proved to be more fragile than expected.

Oil-Based Democracy versus Pacted Democracy

Two basic analytical focuses of the seven books under review are Venezuela’s status as an oil exporter and the interparty agreements defining the rules of the political game. Both these features used to be considered a blessing by many of the same writers who now see them as a disadvantage if not a curse (compare Peeler 1985; 1995, 4–5). The thesis of oil-based democracy has been most closely associated with Terry Lynn Karl (1987). In her view, petroleum more than any other third world export was historically free of sharp fluctuations in demand and prices and thus lent itself to long-term political and social stability. Furthermore, oil-based development minimized the tensions among the oligarchy, the peasantry, and the working class while limiting the political influence of all three. The exceptional strength of the middle sectors vis-à-vis these class rivals was conducive to formation of multiclass parties that channeled social conflict along institutional lines. A second group of Venezuelan specialists (including Daniel Levine) has highlighted the importance of leadership skills and political party pacts in explaining the country’s relative tranquility. These accords isolated the disloyal opposition while encouraging and rewarding members of the loyal opposition by

formally incorporating them into decision making. Although neither Levine nor Karl has viewed the two explanations as mutually exclusive, each has considered his or her own as basic to understanding the nation's alleged stability and the other's as being secondary in importance (Levine 1989, 281; Karl 1987, 64; Coppedge 1994, 344, n. 2; Abente 1988, 133–35).

Karl warned in her influential 1987 essay that Venezuela's status as an oil exporter contained the seeds of destabilization. As she pointed out, petroleum money creates ever greater clientelistic pressure that eventually limits the feasibility of interparty agreements. Levine's contrasting faith in strong, nonleftist penetrative parties explains his optimism through the late 1980s, even after troubling signs of crisis appeared on the horizon (Levine 1977, 23; 1985, 47–61; 1989, 281–85). Indeed, most U.S. specialists on Venezuela were confident that the nation's oil income and mature political leadership would spare it the agony of social upheaval and political disorder. They were thus conceptually unprepared for the events of February 1989 and their aftermath (Ellner 1993b, 224–25).

In their contributions to *Venezuelan Democracy under Stress*, both Karl and Levine point out that oil production and party pacts are double-edged swords (see also Karl 1990, 10–12). These observations are far from original, however. In the case of oil, the revered Juan Pablo Pérez Alfonzo, cofounder of OPEC (Organization of Petroleum Exporting Countries), supported this thesis with a vengeance. As implied by the title of his book *Hundiéndonos en el excremento del diablo*, Pérez Alfonzo maintained that “with the inundation of capital” derived from petroleum, Venezuela was beset with unforeseen problems: the gap between rich and poor widened, the environment was ravaged, and the nation in general “lost its head” (Pérez Alfonzo 1976, 335). Another Venezuelan luminary, intellectual and politician Arturo Uslar Pietri, concurred with Pérez Alfonzo in arguing that the maximization of oil revenue was not a panacea but that learning how to administer the income might be. In accordance with his conservative approach to economic matters, Uslar blamed oil for creating an “all-powerful state” that was the largest for any country of its size outside the Communist bloc (Uslar Pietri 1984, 220; Baptista and Mommer 1987, 39–40). Thus long before Karl and others began to point out the negative features of Venezuela's status as an oil exporter, Pérez Alfonzo and Uslar Pietri were questioning the commonly held belief that oil income insulated the nation from the more devastating consequences of underdevelopment.

With regard to interparty agreements, antecedents to the current tendency among scholars to point out the limitations of pacted democracy can also be found. The Pacto de Punto Fijo signed in 1958, which laid the foundation for the political party system of the subsequent three decades, shunted aside the Partido Comunista de Venezuela (PCV) de-

spite its central role in the struggle against the dictatorship of Marcos Pérez Jiménez. The leaders of one of the three parties that signed the agreement, the Unión Republicana Democrática, eventually left the coalition claiming that it excluded them as well as the leftists from decision making (Villalba 1961, 143, 149). Isolation of the PCV proved fateful because it convinced many comrades that parliamentary participation paid no dividends, and as a result they opted for armed struggle, with negative consequences for the consolidation of democracy for some time to come. This original sin of the modern democratic system is oddly enough skipped over by those who now point to the exclusiveness and elitism of the nation's pacted democracy (one exception being Karl 1987, 89).¹

Scholars who are now reexamining the effects of oil exports and party pacts are reacting not only to the 27 de febrero but to other recent developments as well. The staple theory of oil had rested on the observation that the petroleum industry was immune to the boom-and-bust cycles characterizing other commodities exported by the third world (Bergquist 1986, 206, 247). This historical behavior, however, was interrupted in the mid-1980s, culminating in early 1986 when oil prices plummeted. Since that time, they have remained continuously depressed.

Recent events have also proved contrary to what one would have expected from the writings of those who eulogized Venezuela's system of party pacts. Current President Rafael Caldera was one of the three architects of the Pacto de Punto Fijo, which was named after his house in Caracas where it was signed. Caldera was recently rewarded at the polls for having reneged on the pact's tradition in which the nation's two major parties (Acción Democrática and COPEI) close ranks whenever Venezuelan democracy is in jeopardy. In a speech in Congress on the day of the coup attempt of 4 February 1992, Caldera (then of COPEI) attributed military unrest to the ill-conceived policies of the AD government of Carlos Andrés Pérez. In contrast, Caldera's protégé, Eduardo Fernández, stayed true to the Punto Fijo tradition of interparty solidarity by strongly condemning the military rebels and accepting COPEI's integration into an emergency cabinet, with dire consequences for his presidential ambitions. These occurrences form the backdrop of the recent political litera-

1. Several other interparty agreements before and after democracy was restored in January 1958 were designed to isolate the Communist Party, "neutralize the restless Junta Patriótica" that had organized street protests against Pérez Jiménez (Moleiro 1979, 186), and limit labor unrest. The first of these accords in 1957 was known as the Pacto de Nueva York, involving the *jefes máximos* of the AD, COPEI, and the Unión Republicana Democrática. They were well received by the leaders of the underground resistance to the dictatorship, who assumed that eliminating personal rivalries among the three parties would contribute to the democratic struggle. Nevertheless, by 1959 left-right polarization had set in, and leftists viewed the interparty agreements as having undermined the opportunity to have effected far-reaching political and socioeconomic changes. See Blanco Muñoz (1980, 194–96, 342).

ture questioning long-accepted theories and notions about Venezuela's privileged status as an oil exporter and the viability of agreements between Acción Democrática and COPEI.

In her 1987 essay, Karl attributed the exemplary performance of Venezuelan democracy to oil-induced development, and only in her concluding remarks did she discuss danger spots. But in her contribution to *Venezuelan Democracy under Stress*, "The Venezuelan Petro-State and the Crisis of 'Its' Democracy," Karl uses the oil-based economy as a point of departure for analyzing the financial and political crisis of the recent past. She employs the concept of a "rentier economy," first developed by pro-leftists drawing on the works of Marx and Engels regarding the earnings of landlords and capitalists. These writers had attempted to demonstrate that the petroleum companies were tantamount to being both capitalist enterprises (which receive profits) and landlords (who receive rent from land) and thus obtained superprofits while failing to pass on a fair share to the Venezuelan state. The rentier concept postulates the relative uniqueness of the oil industry due to the overriding importance of the land factor as well as the extraordinary income generated (Ruptura 1975; Hellinger 1984, 35–43).

Although the pro-leftists focused on the superprofits of the oil companies, Karl and other writers who employ the rentier concept are concerned with the impact of easy oil money on Venezuelan society. Karl points out that even before nationalization, the Venezuelan state (which granted concessions for use of the land) was the main national beneficiary of oil production, not the working class, the middle class, or private national capital. Having acquired immense financial resources through little effort, Venezuela was susceptible to certain problems that afflict other third world nations as well but in less extreme form: political clientelism, centralism, overprotection of national industries, fiscal irresponsibility, lack of an effective national tax system, the prevalence of a "rentier mentality" in which sectors of the population look to the state for "handouts" of various kinds, and the elevated material expectations of the general populace even amid severe economic crisis (Kornblith 1994, 33–34). Karl shows that unlike the situation with other Latin American countries whose exports lacked strategic importance, foreign banks were willing to bail out Venezuela in the 1980s when oil money began to dry up and thus exacerbated one of the largest per capita foreign debts in the world. As correctives to the dependence on oil money and its squandering, Karl favors integration into the world economy along with implementation of an efficient tax system, moves that would diversify sources of national income.

Levine, Brian Crisp, and Juan Carlos Rey, in their essay "The Legitimacy Problem" in *Venezuelan Democracy under Stress*, shift the focus from oil production to institutions. They draw on an observation previously

made by Rey that Venezuela's pacted democracy was flawed from the outset and "undemocratic" in that consensus was reached not in the understaffed congress but behind closed doors (Rey 1989, 288). Levine, Crisp, and Rey claim that between 1958 and 1989, the executive branch created 314 advisory committees and more than 400 autonomous commissions in the public administration (such as the governing boards of universities and state companies), all of which drafted legislation, shaped issues, and made recommendations. Unlike congress with its usual turnover of members, these bodies have consisted of an "ossified list of participants who have monopolized this path of access to policy and influence" (p. 154).

The elitist dimension of the governing process, with its centerpiece being AD-COPEI agreements favoring political party domination, has become increasingly incongruous with the emergence of new actors in recent years. Levine, Crisp, and Rey observe, "civil society [has] grown faster than political institutions, which were frozen in place by the post-1958 accords" (p. 150). In discussing how a rigid governing structure blocks efforts by emerging groups to participate, the authors refer specifically to neighborhood movements and new trade-union organizations. Examples of exclusionary practices abound, although Venezuela's track record is not entirely disappointing, as Luis Salamanca points out in his essay in the same volume.² The national neighborhood movement, for instance, has insisted on municipal electoral reforms designed to encourage candidates who lack the backing of political parties and to promote the selection of independents in official decision-making capacities. The net result of these proposals has been mixed. The electoral system was modified, but the politicians stopped short of eliminating party-appointed slates, to the detriment of the independents who ran for office. Independents have not been swept into power throughout the country, as they had hoped, but they have triumphed in various municipal elections, including in the Caracas metropolitan area. Contrary to the wishes of neighborhood leaders, political parties have not abandoned their sphere of influence in the Supreme Court and the Supreme Electoral Commission, but "independents" gained the upper hand in the court for the first time and were instrumental in impeaching President Carlos Andrés Pérez in 1993 (Ellner 1993a, 14).

Institutional and Cultural Focuses

Reflecting the literature on the Venezuelan political system, assessments of the hegemonic power of the executive branch and the politi-

2. Levine and others have maintained that political parties established a hegemonic role in civil society at the outset of the modern period in 1936 (Levine 1978, 86). In contrast, Oscar Battaglini has emphasized the autonomous role of the popular movement in 1936 that was not easily eroded away in subsequent years (Battaglini 1993). For examples of these two contrasting viewpoints by veteran labor leaders Pedro Bernardo Pérez Salinas and Rodolfo Quintero, see Lárez (1992, 51, 68) and Ellner (1996a).

cal parties differ among the contributors to *Venezuelan Democracy under Stress* (for contrasting views, see McCoy 1989; Ellner 1993b, 228–30). Salamanca comments, “the overfunction and malfunction of the parties have converted them into the most important obstacle to the development of different expressions of civil society.” He adds that the Venezuelan state often enters into conflict with political parties, while viewing sectors of civil society as “partners, collaborators, or allies.” The results are formal understandings that “sidestep and further isolate the parties from civil society” (p. 204). Felipe Agüero’s essay on the military paints a different picture of executive influence. In his view, during the right- and left-wing insurgencies of the late 1950s and the 1960s, the president bypassed the Joint Staff and the Defense Ministry and established direct control of the armed forces (an institution that other scholars perceive as having maintained an autonomous status, along with the Catholic Church and business interests). This executive grip has more recently been criticized by military representatives.

According to Michael Coppedge in *Strong Parties and Lame Ducks: Presidential Partyarchy and Factionalism in Venezuela*, Venezuela is characterized by a unique combination of “partyarchy” and presidentialism. On the one hand, penetrative parties are controlled at the top by a small collective leadership that maintains a tight hold over the party organization at all levels, including parliamentary representation, while dictating orders to civil society. In this sense, Venezuela resembles European countries in which strong parties exercise veritable veto power over the decisions of the executive branch, as represented by the prime minister. On the other hand, the Venezuelan president parlays oil money into societal influence, although he is often snubbed by his own party due to his “lame-duck” status in being prohibited from running for immediate reelection. A strong presidency also characterizes the political system of the United States and much of the Western Hemisphere.

Coppedge argues that this unusual combination of a powerful executive and dominant parties is “a recipe for trouble” (p. 3). It is specifically responsible for two grave problems: lack of accountability and stalemates between the executive and legislative branches. Lack of accountability leads to abuse of power and widespread corruption. Stalemates give way to rule by executive decree, typical of Venezuelan governments throughout the modern democratic period. According to Coppedge, the awkward relationship between powerful executive and legislative branches explains why the removal of President Pérez from office was a particularly cumbersome process.

Coppedge calls the all-encompassing power of the president a “winner-take-all environment” in which the stakes in presidential elections are raised by “decree and patronage powers,” including the vast oil-derived resources at the disposal of the winner (pp. 135, 154). This dynamic gener-

ates sectarian attitudes among the rank and file that work against making deals with other parties in order to avoid having to share the spoils.

Coppedge devotes most of *Strong Parties and Lame Ducks* to intra-party conflict, specifically infighting within the AD, because this aspect explains “the quality of democracy and the stability of the regime” (p. 153). In his view, the “winner-take-all” phenomenon produces factional bifurcation in the governing party. The presidential elections, whose outcome is of overriding importance, absorb the attention of the party at all levels. When the party is out of power, its leaders put up a united front to maximize its chances in the next presidential elections. Unity is also maintained during the presidential campaign, when the party’s candidate enjoys great internal prestige and influence. Once elected, however, the president is overshadowed by his own party, which then unites around the leader with the best chances of winning the next presidential contest. As an example, Coppedge points to Carlos Andrés Pérez, who lost control of the AD at its 1991 convention with its winner-take-all rules for leadership positions. According to Coppedge, Pérez’s internal defeat and “lame-duck” status deprived him of his base of support, thus contributing to his removal from office two years later. Factional rivalry, like AD-COPEI inter-party rivalry, is devoid of issues of substance. Factions coalesce during a five-year period corresponding to presidential periods and then break up, thus demonstrating that personal rather than ideological issues are the ones at stake. The superficiality of political party discourse is particularly unfortunate because inter- and intra-party struggle could serve as avenues for interest articulation as an alternative to the nation’s highly underdeveloped civil society.

Coppedge nonetheless goes overboard in claiming that programs and ideology are irrelevant to understanding party politics in Venezuela. The short life of factions demonstrates that programmatic and ideological convictions are tenuous but not necessarily nonexistent. Coppedge’s survey data on the economic policy preferences of the AD’s two major factions were gathered in the mid-1980s, just prior to Pérez’s embrace of neoliberalism, when the main substantive issues distinguishing the two factions were not economic policy but democratization. Had the survey been conducted in the 1970s when Pérez clearly stood for economic nationalism or after 1989 when he embraced neoliberalism, the results would have been different (Ellner 1996b). This shortcoming aside, *Strong Parties and Lame Ducks* skillfully pursues Coppedge’s central concern, namely examining how political behavior is shaped by the particular characteristics and rules of Venezuela’s political institutions: powerful political parties, presidentialism, the nonconsecutive reelection of presidents, abundant state resources, and long-standing dominance by two pro-establishment parties.³

3. Given Coppedge’s well-defined methodological approach and the nature of his in-

Coppedge views the interparty agreements of the unstable years after 1958 as an asset that facilitated consolidation in the short run. But he criticizes scholars who lauded Venezuela's pacted democracy for three decades thereafter. Richard Hillman goes even further in *Democracy for the Privileged: Crisis and Transition in Venezuela*. He exceeds Coppedge in questioning this unfounded optimism by casting doubt on whether the nation's political system was "truly democratic" from the outset (p. 24). According to Hillman, the legacy of *caudillismo*, *personalismo*, authoritarianism, and violence that characterized Venezuela in the nineteenth century continues to plague the country. He depicts its pacted democracy as hierarchical, exclusionary, and clientelistic—and thus entirely in keeping with this tradition. Hillman argues that the mass disturbance on 27 February 1989 and the abortive military coup of 4 February 1992 were more "a political insurrection against elite-generated pacts" than protests against specific neoliberal policies (p. 126).

Hillman's thesis of continuity over the last two centuries recalls the argument made by Howard Wiarda and others emphasizing the impact of Latin America's neocorporatist Spanish heritage (Wiarda 1973). This thesis goes against the grain of Venezuelan historiography. The loose structure and anarchy of the nineteenth century have generally been viewed as overcome by the centralization process made possible by oil income and the concomitant creation of a well-equipped national army. On this basis, revisionist historians have begun to look at the broad sweep of twentieth-century Venezuelan history, beginning with the rule of Juan Vicente Gómez (1908–1935) (see Ellner 1995). But regardless of whether modernization is dated from 1908 or later, the contrast with the nineteenth century is generally stressed.

Hillman's depiction of Venezuela's premodern political culture leads him to downplay the influence of emerging political groups. He questions the extent to which one type, the neighborhood associations, has "contributed to an essential reformulation of civic consciousness" that he claims is "embryonic at best" (p. 82). Nevertheless, the neighborhood movement along with other emerging actors and organizations have brought about changes on the political scenes that are significant if not dramatic. Among these auspicious developments are the leading roles played by elected governors (formerly appointed by the president), who have consistently taken independent positions as representatives of regional interests; and the inroads made by new and nonestablishment political parties into AD-COPEI terrain, demonstrating that Venezuelans are bucking traditional voting patterns (Maingon 1995, 194–96). Despite

quiry, the criticism formulated in an unusually harsh review that Coppedge fails to look at Venezuelan politics from the "bottom-up" (Levine 1994, 161) would seem largely out of place.

Hillman's emphasis on control originating from above, he is not entirely pessimistic. He raises the possibility that future years will witness the deepening of democracy, in which case the pacted system will have served as "a transition vehicle for the further consolidation of democratic institutions" (p. 151).

State Interventionism Called into Question

Political scientists who prior to February 1989 had labeled the nation's democracy a success story pointed to import-substitution policy and government interventionism as essential parts of the Venezuelan model. This was true of both scholars like Levine who emphasized leadership skills (1989, 284) and Karl with her staple theory approach (1987, 73, 87). Government participation in economic activity, particularly redistributive policies, was viewed as an important source of regime legitimization (Levine 1977, 37).

The more recent pessimistic analyses of the Venezuelan model now called "rentier" imply or conclude explicitly that state interventionism is responsible for the nation's woes and that neoliberalism is the road to follow. The neoliberal implications and prescriptions derived from the rentier concept can be summarized as follows. In the first place, the rentier framework depicts a paternalistic state that funnels oil money into a multiplicity of sectors to alleviate social tension and political conflict, but without establishing criteria of any sort. These writers favor the redimensioning of public expenditure. Second, the rentier state subsidizes diverse industries with oil rent money in such a way that the price of goods does not reflect their true value. Nowhere is this disparity more evident than in the case of gasoline.⁴ Political scientists writing along these lines support hikes in the price of gasoline, some arguing that they should be allowed to reach international levels. Third and fourth, according to two leading economists (Baptista and Mommer 1989, 20–21), since the nationalization of oil in 1976, the state has appropriated oil rent in its totality, a windfall utilized less for social programs than to keep the local currency overvalued and avoid rigorous tax collection (Venezuelan tax revenue per capita ranks the lowest in the continent). The artificially high exchange rate of the *bolívar* undermined the export sector. Failure to implement a viable tax system has been equally unfortunate, given its potential for promoting "state building" (*Democracy under Stress*, p. 35). Finally, strong and highly centralized structures that include political parties and the government, formerly considered assets in consolidating democracy, are now viewed as tantamount to elitist rule, hence the need to promote decentralization.

4. Naim claims that Venezuela's retail prices for gasoline were the lowest in the world except for Kuwait's and that this veritable subsidy absorbed 10 percent of the national budget.

The International Monetary Fund endorses all of these proposals, although some of the scholars who reach the same conclusions can hardly be suspected of championing the neoliberal cause (see for instance Hellinger 1994, 40; 1991, 147–49). In contrast, three of those who contributed to the four remaining books under review have played activist roles favoring neoliberal reforms: Moisés Naím, Development Minister in the second Pérez administration; Aníbal Romero, close advisor to COPEI's former secretary general and presidential candidate Eduardo Fernández, who has a neoliberal orientation; and Andrés Stambouli, an AD newcomer who at a recent party convention led an attempt to gain endorsement for an explicitly neoliberal program, which the party's dominant orthodox faction blocked.

Naím's *Paper Tigers and Minotaurs: The Politics of Venezuela's Economic Reforms*, his lengthy chapter and epilogue in *Venezuela in the Wake of Radical Reform* (taking up over half the book), and his contribution to *Lessons of the Venezuelan Experience* present a systematic and cogent defense of the policies of the second Pérez administration (1989–1993). In attacking AD and COPEI for failing to rally behind Pérez and act as “effective members of a coalition government” in 1992 when COPEI entered the cabinet, Naím indirectly questions the validity of Venezuela's pactured democracy (p. 166, *Venezuela in the Wake of Radical Reform*). According to Miriam Kornblith, when Pérez assumed the presidency in 1989, he abruptly broke with the tradition of the Pacto de Punto Fijo by violating “Venezuela's conventional procedures for building consensus for major policy shifts” (p. 81, *Democracy under Stress*). Pérez implemented the IMF-style “shock treatment” without taking time to achieve a consensus even with the AD and COPEI. Political analysts have attempted to explain why Pérez did not move more deliberately to prepare public opinion for his controversial policies. Some writers argue that the notoriously self-confident Pérez failed to try to garner national support because he counted on his charismatic qualities as well as the automatic backing of the AD (John Martz, *Lessons of the Venezuelan Experience*, p. 43; Perry 1994, 1).⁵ Naím offers a different explanation. He claims that Pérez's behavior was dic-

5. Naím and others point out that Pérez failed to convince the general public that he was concerned with the plight of the poor. According to Alan Angell and Carol Graham, the administration “projected an image of being unconcerned about the social costs of its policies” (Angell and Graham 1995, 217). Naím offers several explanations for this basic shortcoming. First, he blames the government's political isolation on the “media barons” who had benefited under the old system of government subsidies (*Paper Tigers*, p. 133). Second, Pérez's reforms were inspired by the “Washington consensus” that gave little thought to social problems and none at all to social inequality. Third, Naím argues that due to pressure from organized labor, Pérez was unable or unwilling to dismantle the existing bureaucracy in charge of social programs while promoting new agencies that worked closely with nongovernment organizations (in accordance with neoliberal strategy). As a result, a costly parallel structure emerged that was hardly ideal for alleviating the lot of poor people.

tated not so much by conviction as by circumstances that required immediate action. The entire system was bankrupt and collapsed once the first reforms were made, thus requiring additional measures (in price and interest rate decontrol, trade reform, and changes in the exchange rate) that were even more drastic than the ones required by the IMF.

Naím's writings present a scathing indictment of groups that exert political pressure, starting with political parties, organized labor, and business organizations that "had gradually evolved into mechanisms to extract rent from the state" (*Venezuela in the Wake of Radical Reform*, p. 72). Naím even claims that the ministries headed by *políticos* were slower and less effective at implementing Pérez's reform program than those run by technocrats. In Naím's version, the parties and the unions they controlled not only failed to back Pérez but attempted to sabotage his efforts. Fortunately, in Naím's view, the parties were weakened as a result of their loss of credibility and the "deterioration of their own formal institutional arrangements" (*Venezuela in the Wake of Radical Reform*, p. 72).

In "The Venezuelan Private Sector: From Courting the State to Courting the Market" in *Lessons of the Venezuelan Experience*, Moisés Naím and Antonio Francés depict private economic interests as being as predatory in their own ways as political organizations. Rivalry takes the form of jockeying to obtain government favors through bribes rather than commercial competition. Naím's account of the self-serving stances of parties and business and their resistance to Pérez's radical reforms reads like an exposé, bringing to mind Marx's famous rule that the dominant class never surrenders its privileges without a hardened struggle to the end.

While Naím's analysis of the intricate mechanisms of particularistic transactions is grounded in hard realism, the feasibility of his strategy for transforming the system is less convincing. In the short run, Naím expresses guarded optimism that the opposition of traditional groups could be countered. Of primary importance are the "demonstration effect" of neoliberal success in other parts of the world, the economic growth that Pérez's reforms produced immediately, and the impact on public opinion of revelations of corruption committed under the previous system of exchange control and other interventionist policies. In addition, Naím points to the political resolve of Pérez, who was willing "to absorb the major political costs that [his] . . . decisions were bound to have" (*Venezuela in the Wake of Radical Reform*, p. 70). Naím also assigns roles as agents of change to various sectors: multilateral institutions, foreign investors, the minority neoliberal faction of the AD, and "a new generation of more aggressive and competitive entrepreneurs" who adhere to a global vision (*Paper Tigers*, p. 85).

But these diverse factors favoring radical change are in themselves unlikely to triumph over the array of powerful interests that defend the status quo, including organized labor and the majority factions of politi-

cal parties and business organizations. Naím himself recognizes that neoliberalism is often seen as foreign-imposed, an observation that should not be surprising given his view that a major source of backing for the model comes from abroad. In the long run, Naím hopes to establish an ideological foundation based on the emergence of new actors, which this reader presumes to include elected governors and members of civil society. But Naím fails to explain why these sectors would necessarily champion neoliberalism and serve as its prop, nor does he offer clues as to the specifics of the projected ideological scheme that he hopes will be accepted as the wave of the future.

Venezuela in the Wake of Radical Reform and *Lessons of the Venezuelan Experience* are based on seminars held in 1990 and 1992, respectively, sponsored by the Wilson Center. Both seminars evidenced a certain sympathy for Pérez's reforms. Many of the academicians and public figures who participated in the conference are identified with neoliberalism, including Naím, Stambouli, former Minister of State Planning (CORDIPLAN) Ricardo Hausmann, former Minister for State Reform Carlos Blanco, and COPEI leader Gustavo Tarre Briceño. None of the main participants represented an opposing position. Contributions by John Martz and David Myers to *Venezuela in the Wake of Radical Reform*, however, diverge from Naím's assertion regarding the obstructionism of political parties. Like Coppedge in *Strong Parties and Lame Ducks*, Martz and Myers present a balanced view. All three recognize the shortcomings of Venezuelan parties but claim that their undemocratic and unresponsive traits have been exaggerated and emphasize instead their central role in the democratic system. They call for internal reform to streamline and democratize the flow of authority within parties, but they oppose a thorough overhaul that would minimize the parties' effectiveness.⁶ Significantly, Martz's subsequent essay in *Lessons of the Venezuelan Experience* and his other recent works have presented a much more critical account of the ossification of party leadership (see Martz 1992).

Aníbal Romero adheres to Naím's basic neoliberal approach, but in more doctrinaire form. Romero's *La miseria del populismo: Mitos y realidades de la democracia en Venezuela* represented a broadside against the state interventionism of Pérez's first administration (1974–1979) (see Romero 1986). In *Decadencia y crisis de la democracia*, Romero reminds readers that Pérez is no true believer and that he happened on neoliberal policies because he perceived no responsible alternative to this "necessary bitter brew" (pp. 69–70). Because Pérez was a reluctant newcomer to the neoliberal cause, he improvised and thus committed several major blunders. Romero criticizes the Pérez administration for failing to implement aus-

6. Organizational reforms designed to democratize political parties that actually weakened them are discussed in Ellner (1996b).

terity measures and reduce public expenditures. Romero even labels Pérez's optimism (undoubtedly meant for political consumption) as "suicidal" (p. 75) in light of the fact that unemployment and reduced economic growth are necessary arms to combat inflation.⁷

Romero is not only pessimistic about the prospects for Venezuelan economic recovery but denounces the Punto Fijo legacy of participation and incorporation as a sign of a backward "leftist" political culture (p. 95). According to Romero, "Participative ideals that go beyond what Rousseau dreamed of," such as the referendum to oust elected officials advocated by those who favored Pérez's removal from office, will only make Venezuela more ungovernable than it already is (p. 95). Romero himself dreams of the U.S. model as the antithesis of paternalism in that citizens remain largely untouched by the government. Romero ends *Decadencia y crisis de la democracia* on this note of disillusionment: "The image of the country that some of us dreamed of, a country basically similar to the advanced democracies of Europe and North America, dissolves more and more, leaving a bitter taste in the mouth" (p. 136).⁸ Thus Venezuela's democracy based on the Pacto de Punto Fijo, after having been lauded for so many years, now finds one of its harshest critics in Aníbal Romero.

Concluding Remarks

The numerous studies of the Venezuelan political system published in English in recent years demonstrate that the country is now receiving its due share of attention from foreign scholars and analysts. Unfortunately, when Venezuela was a steady exporter of oil and a democratic island in a sea of military regimes, its economic and political stabil-

7. In addition to his criticisms of Pérez, Romero takes issue with Naím's opposition to the East Asian model in which the government targets priority sectors of the economy. Romero favors promotion of Venezuela's comparative advantages, specifically its vast mineral resources. He adamantly opposes the policy of "sowing the oil," which has historically been a veritable gospel of development strategy in Venezuela. Rather than channeling oil money into innumerable sectors of the economy, Romero favors modernizing and diversifying oil and related industries (Romero 1991, 67–68). Naím rules out government interventionism of this type, at least for the time being, given the lack of a solid institutional infrastructure to handle government allocations effectively. Naím warns that as a result of bureaucratic disorder in applying this policy, "corruption will soar higher than exports" (*Paper Tigers*, p. 150; *Venezuela in the Wake of Radical Reform*, p. 80).

8. Romero's view that Venezuelans are still tied to the paternalistic values associated with populism and are thus unprepared for the neoliberal model is also upheld by Pérez's Minister of Transport and Communications Roberto Smith Perera (1995, 47). This pessimistic assessment has been reinforced by public-opinion polls indicating that nearly half of Venezuelan adults are anxious to relocate abroad, preferring to leave their country rather than face its pressing economic and political problems. See *Veneconomy Weekly* 13, no. 37 (1995), p. 4. One argument in favor of Venezuelan exceptionalism was that the historically low rate of emigration indicated a generalized conformity and satisfaction with what the nation had to offer (see Ellner 1993b, xviii). For a more optimistic position on attitudinal changes brought on by the economic crisis, see Serbin and Stambouli (1993, 214–16).

ity was largely taken for granted. Political scientists, imbued with an exaggerated sense of optimism, developed the thesis of “Venezuelan exceptionalism,” which removed the nation from its context of Latin American underdevelopment and dependency and compared it superficially with advanced Western democracies.⁹ Venezuela is still a sure supplier of oil, but the specter of a domino process in which military coups might originate in South America’s longest stable democracy must certainly be a source of great concern in Washington.

The seven books reviewed here are generally skeptical about the prospects for Venezuela’s political system, although they offer divergent explanations. Karl points to the long-term constraints imposed by Venezuela’s status as an oil exporter. Hillman is concerned with negative aspects of the national political culture shaped during the last century. Levine, Rey, and Crisp are less deterministic, arguing that Venezuelan leadership has failed to meet the challenges of the recent past by opening up to emerging sectors of the population. Romero maintains that the country is still plagued by the leftist-style paternalism and state interventionism dating back to Punto Fijo. Yet some (Naím, Hillman, and Rey, Crisp, and Levine) express a modicum of hope that decentralization and the incorporation of new actors into institutional decision making can salvage the democratic system. Coppedge and Romero are more cautious about the process of broadening participation in the absence of viable controls. Coppedge advocates a parliamentary system that would give political parties the upper hand with executive authority, while Romero defends a restricted democracy with limited popular input (Romero 1994, 182–203). All these formulas have been designed to obviate the twin dangers of anarchy and military intervention.

Compared with these explanations of Venezuela’s political woes that are underpinned by theoretical formulations, an additional factor contributing to instability may be considered simplistic by some and bordering on economism: the sudden and steady deterioration in living standards following the prosperity of the years of the oil boom. Until recently, Venezuela was largely free of the economic fluctuations that have often undermined political stability in other Latin American nations. It should not be surprising, then, that the contrast between the economic stability and immense purchasing power of the 1970s and the dire economic picture of the 1990s is eroding regime legitimacy.

Naím more than the others emphasizes the political impact of disparate economic performances over a short period. For instance, he points out that the reforms he proposes have succeeded politically else-

9. Several scholars have recently questioned Venezuelan exceptionalism. See Coppedge, *Strong Parties and Lame Ducks*, p. 5; *Democracy under Stress*, pp. 174–75; Levine (1994); and Ellner (1993b, 221–27).

where in the world where hyperinflation left vivid memories, and thus restrictive economic policies that stabilized the currency were more acceptable than in Venezuela where the bolívar never escaped control. With regard to the case of Venezuela, he argues that the success of the policies he defends hinges on immediate economic recovery. Just as sudden improvement in material well-being goes a long way in fortifying a given model or regime, brusque economic decline can jeopardize political stability. This purely economic factor may be of great political significance. If so, then the austerity measures implemented by the Caldera government at the behest of the IMF in 1996, which undoubtedly will further highlight the contrast between yesterday and today for nonprivileged sectors, may overwhelm the nation and thus imperil its democratic system.

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