

Chapter Title: South American Cleavages and Venezuela's Role
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Book Title: Reclaiming the Nation
Book Subtitle: The Return of the National Question in Africa, Asia and Latin America
Book Editor(s): Sam Moyo, Paris Yeros
Published by: Pluto Press. (2011)
Stable URL: <http://www.jstor.org/stable/j.ctt183h0tp.17>

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South American Cleavages and Venezuela's Role

Rafael Duarte Villa

INTRODUCTION

The Andean region has attracted attention by the intensity of its political instability, in contrast to the more stable Southern Cone of South America (with the exception of Paraguay). While the intensity may vary from case to case, it is possible to make some general observations regarding the sources and character of stability and instability in South America as a whole.

South America exhibits a mixture of inequality, poverty, violence and unemployment. The broader Latin American region began the millennium with a remarkable poverty rate, whereby 45 per cent of the population earned up to two dollars a day, and with one of the highest rates of daily violence in the world. Regional imbalances are also stark. Whereas the Southern region of Brazil may give the impression of being on a par with modern advanced countries, this perception vanishes when considering the Northern and North-eastern regions, which are economically weak and socially very imbalanced. Even when considering countries like Bolivia, it is not surprising to find regional divisions, such as between the highlands region of gross social imbalances and the eastern region of great economic strength and quite a modern agribusiness sector.

In principle, it would be possible to ascribe these asymmetries to the weakness of the traditional political agents, such as political parties and leaderships, in completing successfully the modernisation process. Modernisation remains incomplete in the sense that there has been an effective fulfilment neither of the land reform promise nor of industrialisation through import-substitution.

With respect to the first problem, this dates back to the time of Simon Bolivar. The land promise to millions of needy people has always been a constant in Latin American politics. It was also the great promise of the Mexican Revolution, as well as of the democratic

and authoritarian governments that took hold in the region since the 1950s and 1960s. At the beginning of the new millennium, it is evident that land reform, one of the main promises of the nationalist and reformist governments of the 1960s, has hardly materialised. In fact, history seems to have gone in an opposite direction. Instead of a fair and equitable redistribution of land, we are confronted with a vast concentration of land in *latifundios*.

With respect to the second problem, it is important to remember that in the 1950s and 1960s there was an almost mystical faith in industrialisation as the answer to our political and social problems. This thinking was firmly represented by the Economic Commission for Latin America (ECLA, or CEPAL in Spanish and Portuguese). It sprang from the positivist hypothesis which held that political and social underdevelopment was a result of economic underdevelopment. Thus, industrialisation appeared as the pioneer of modernity, which Latin Americans had not yet attained. At the same time, this process was to be driven by the state, in partnership with the national bourgeoisie.

Oddly, although the promise was not fulfilled, Latin America grew at an impressive annual rate of 7 per cent. But growth did not mean proper industrialisation. The result was that Latin America reached the 1980s and 1990s semi- or unindustrialised, but indebted, with high rates of unemployment and inflation, increased levels of poverty, and a decline in gross domestic product (GDP) growth. These decades were certainly 'lost decades'. Thus, it is not surprising that, today, out of a total population of 530 million in Latin America, nearly 34 per cent lives in poverty (with incomes less than twice the cost of the basic food basket) and 12.6 per cent in extreme poverty (below the cost of the basic food basket) (CEPAL 2008). Latin America also leads the world in homicides, with 25 per 100,000 inhabitants in the late 1990s, as compared to 22 for Africa, 1.4 for Western Europe, and 8.8 for the rest of the world.¹

This incomplete modernisation is a highly seductive variable in explaining the reasons for the demand for political change by both organised and less organised sectors of society. But this sociological variable is not sufficient to explain political stability or instability, or why political stability co-exists with political continuity in the medium and long term.

Although I continue to have my doubts about the term 'radicalised states', with regards to both its theoretical status and its political implications, we may observe four cleavages that are behind the new wave of political radicalism in South America and which help

us approach the question of stability and instability. These cleavages include the following: an elite renewal through the ascent of new lefts of diverse hues; a politicisation of socio-ethnic identities; a socio-political polarisation of a class nature; and the politicisation of foreign policies, on the basis of internal and external dynamics.

ELITE RENEWAL AND THE ASCENT OF LEFTS OF DIVERSE HUES

The first cleavage in South American political systems concerns the circulation of elites. This is not explainable by generational change, that is, by the aging of traditional leaderships, such as of Raúl Alfonsín in Argentina, Paz Estenssoro in Bolivia, Rafael Caldera in Venezuela and Leon Febres Cordeiro in Ecuador, among others. This elite circulation reflects the persistence of politico-institutional and social deficits which the democratic regimes failed to address, or which the authoritarian experiences aggravated.

This factor is responsible for the rise of a series of leaderships that include a moderate leftist tendency (Luiz Inácio Lula da Silva, Tabaré Vasquez and Michele Bachelet) and a stronger leftist tendency fused with nationalism, as in the case of Hugo Chávez, Evo Morales and Nestor Kirchner, but also others who, despite not having obtained electoral success, have gained some political legitimacy at the polls, as in the case of Ollanta Umala in Peru and Manuel López Obrador in Mexico.

A number of these leaderships have been called 'neo-populist'. Although the term is inaccurate, neo-populism has been the object of interpretations ranging from the more sophisticated to the more impassioned. In its more sophisticated version, neo-populism appears as a compensatory movement 'to the losers of economic change in Latin America' (Lodola 2004: 16), and this can be defined as a *strategic style* of politics characterised by a five-point agenda: personalised leadership, not necessarily charismatic; a coalition of multi-class support; a strong top-down social mobilisation; an eclectic and anti-establishment ideology; a systematic use of redistributive methods.

The second interpretation involves a binary typology. Jorge Castañeda (2006) placed the new lefts in Latin America within two camps, one 'radical and populist', the other 'modern'. However, the continuities between the new leaderships cannot be reduced to a new binary difference between the 'correct' left and the 'wrong' or 'bad' left. Such categories have no capacity for generalisation or explanation. For example, they cannot explain the immense

disrepute of the traditional parties in Venezuela in the eyes of both the middle class and the poor. The contempt for traditional political parties in Venezuela is less related to populism than the lack of legitimacy of the political system. The above categories also cannot explain the success of a right-wing leader, such as Álvaro Uribe in Colombia, who might also be called neo-populist.

THE POLITICS OF SOCIO-ETHNIC IDENTITIES

A second important cleavage concerns the emergence of social and ethnic identities among some of the new leaderships and certain social sectors. A new element is that social and ethnic identity became congruent with political identity. From a social point of view, there seems to be emerging a very strong perception among socially excluded sectors that 'their time has come'. Cases like that of Chávez in Venezuela, Lula in Brazil, or Morales in Bolivia indicate that social sectors, generally the poorest, view the new leaderships through the prism of social identity, such that they may even minimise the absence of broader public policies and accept welfarist policies, along with the continuity of patrimonial administration of the state apparatus, corrupt practices and authoritarian behaviour by some of the new leaderships.

In the case of the Andean region, there is also a specifically ethnic dimension in the political relations established between the leaderships and excluded social sectors. This is not surprising given that, in its ethnic and demographic composition, the region has a significant number of indigenous people. This is especially so in Bolivia and Ecuador, where the proportion of the indigenous population is 55 per cent and 25 per cent, respectively. In Peru, 45 per cent of the population is considered *mestizo* (Villa 2005). In Colombia and Venezuela the indigenous population is 1 per cent and 2 per cent, respectively. As for the Afro-descendant population, this is very low in Bolivia and Peru, and 10 per cent or below in Ecuador, Venezuela, and Colombia.

There is a new trend emerging in the way in which indigenous sectors perceive political representation. The case of Bolivia exemplifies the argument. Since 1978, indigenous parties, the *kataristas* and *indianistas*, participated in electoral contests, but without success. Since the conquest of universal suffrage in the National Revolution of the 1950s, the indigenous Bolivian voter had a strong tendency to vote for the Revolutionary National Movement (MNR, Movimento Nacional Revolucionário). According to Andrés

Aranda (2002: 85, my translation), '[t]his was possible because the electoral support used to be approved by the assembly of the indigenous community. Thus, inside the communities the unanimous vote was above 80 per cent.' However, in the 2002 elections, the indigenous-peasant sectors, led by the leftist indigenous leaders such as Morales and his party *Movimiento al Socialismo* (MAS), as well as by Aymara leftist Felipe Quispe of the *Pachakuti Indigenous Movement*, obtained 31 per cent of the vote in Congress. And in the presidential elections of 2004, the MAS managed to elect an Aymara indigenous president, Morales. In the case of Venezuela, this ethnic component is also present, as it is in Peru, where the emergence of a political figure such as Umala reveals a tendency to identify the ethnic with the political.

It would not be an exaggeration to affirm that this identity between the ethnic and the political has to do with the fact that the demands for legal equality by ethnic and social sectors may be better translated and mediated by the new leaderships. This hypothesis is supported by the findings of the United Nations Development programme (UNDP) in its research on democracy in Latin America, which concludes that the indigenous people of the Andean regions have quite a negative perception of legal equality. Only 27.8 per cent believe that 'they always or almost always manage to fulfil their rights', which is higher than in Mexico, where only 7.5 of indigenous people perceive legal equality positively (PNUD 2004: 108).

The indigenous constituencies have been emerging in the political systems and societies of the Andes and have been making two basic types of demands. The first demand is for 'constitutional recognition ... as bearers of rights in the nation' (Iturralde 2001: 55, my translation). The second is for changes in the political and legal frameworks, both at national and local levels, in which their political representation is inserted; this implies that the reform process must necessarily involve the inclusion of indigenous demands for political representation. These two demands, in turn, have resulted in political tension, given that the traditional elite created neither the conditions, nor the institutions for welfare and representation necessary to fulfil such demands.

SOCIO-POLITICAL POLARISATION

As a consequence of the socio-ethnic cleavage, a socio-political cleavage has emerged around the new leaderships, whereby electoral preferences coincide in some cases, for example, those of Chávez,

Lula and Morales, with the social origins of candidates. The presidential elections held in Venezuela since 1998, and in Brazil and Peru in 2006, reinforce the notion that the poorer social sectors tend to vote for leaders with popular origins, while the higher-income sectors tend to vote for candidates of their own social status.

In the case of Brazil, the distribution of votes in the 2006 presidential election tends to confirm a social cleavage when we correlate the votes in the first round of the elections to the Human Development Index (HDI) by municipality. In 104 national municipalities with the lowest HDI, the incumbent candidate, President Luiz Inácio Lula da Silva (Workers' Party, PT), received practically three out of four votes in the first round, while in 104 municipalities with the highest HDI, Geraldo Alckmin (Brazilian Social Democratic Party, PSDB) received 48 per cent, against Lula's 37 per cent.²

In the case of the presidential referendum in Venezuela in August 2004, it has similarly been argued that '[t]he electoral results provide evidence as to how class identity functioned as a formative element of the so-called "political polarisation" which is expressed symbolically and territorially in the city of Caracas among voters' (Sierra 2005: 31, my translation). The official data clearly show a class cleavage. In the municipality of Libertador, home to the lower-income sectors of Caracas, 68 per cent of the voters favoured 'No' with regard to the revocation of the presidential mandate, while in the middle-class and higher-income municipalities (Chacao, Baruta, El Hatillo), voters overwhelmingly favoured the 'Yes' vote (ranging from 79 per cent to 82 per cent). The municipality of Sucre, which is socially mixed, confirmed the class cleavage by yielding a balanced vote: 53 per cent versus 47 per cent for 'Yes' and 'No', respectively (*ibid.*).

Nonetheless, if social identity can explain the emergence of new leaderships, it does not sufficiently explain the vote of confidence given to the new leaderships, as expressed in successive electoral victories in legislatures and the executive, as in the cases of Brazil, Venezuela and Colombia. In the case of Lula and Chávez in the first two, the social cleavage has been accompanied by public policy initiatives with both short-term objectives – attending to the immediate needs of the more vulnerable social layers – and longer-term objectives. Chávez's public policies are perhaps exemplary. Although the 'missions' (*misiones*) have a strong emergency character, certain public policies, such as in health and education (which succeeded in eradicating illiteracy in the country), have had a longer-term

perspective. Similarly, in Brazil, programmes like the school fund (*bolsa escola*), the family fund (*bolsa familia*), and others targeting employment creation (*renda Brasil*), have managed to redistribute incomes such that, in 2004 alone, the income of the poorest rose by more than 14 per cent.³

Certainly, the relation between political stability (or continuity) and new leaderships also has its origin in the manner in which some of the new leaders have dealt with the problem of political violence. In the 1990s, an authoritarian populist like Alberto Fujimori managed to obtain enormous popularity in Peru on the basis of his intensive fight against the terrorist group Sendero Luminoso ('Shining Path'). In 2000, on the heels of Fujimori's success, Alvaro Uribe in Colombia went forward with his own particular crusade against guerrilla groups and drug-traffickers. Uribe, also considered a right-wing populist, rose to power at the end of Andres Pestrana's government, a time marked by economic stagnation and the outburst of political violence. Uribe defined his objective as the reunification of a country that was politically fragmented and consumed by the violence of various groups (guerrillas, paramilitaries and drug-traffickers). He capitalised on the results of his policy of 'democratic security' to receive widespread support and credit from the Colombian people for recovering the legitimacy of a state that, until 2002, was on the verge of collapse. In the trade-off between peace and security, the Colombian people, fatigued by so many years of conflict, were disposed to ignore the immense political costs of Uribe's solution, specifically the internal repression that would violate the human rights of civilians in conflict zones (Villa and Ostos 2005).

On the basis of the above, we may reach a preliminary conclusion: that the leaderships that have emerged on the left in South America – whatever the qualifier used, modern, populist or nationalist – build their political legitimacy on public policies that confront social inequality, as the cases of Lula, Kirchner, Chávez and Morales demonstrate. Meanwhile, the leaderships on the right, such as those of Fujimori and Uribe, have placed their emphasis on the fight against political violence.

A final cleavage is manifest in the new models of foreign policy, which are highly politicised and substantively different among South American states. We will approach this cleavage by considering Venezuela's South American policy and the impact of internal dynamics on foreign policy.

THE IMPACT OF INTERNAL DYNAMICS ON VENEZUELA'S FOREIGN POLICY

The unfolding of certain events in domestic politics is important to understand Venezuela's position in relation to South America. At the level of ideas, the government is convinced that it is possible to convert the country to its project of 'twenty-first Century Socialism'. Although it may not be clear what this really means, it is clear that an ideological radicalisation occurred after the 2004 presidential referendum, culminating in the founding of the United Venezuelan Socialist Party (PSUV) in early 2007. Certainly, its close relationship with the Cuban government helps to explain the radicalisation, but the latter is founded on some internal developments of greater importance.

First, Chávez has a history of successful electoral confrontations. After winning the 1998 presidential elections, he was confirmed in 2000, in accordance with the transitional provisions of the Constitution of 1999; in the 2004 presidential referendum, he managed perhaps his most decisive victory over the opposition; and in December 2006, he was re-elected for a second term with almost 63 per cent of the votes. Second, Chávez overwhelmingly controls the state machinery, both at the state (provincial) and municipal levels. Nineteen out of 23 state governments are dominated by *Chavistas*. And given that in the prior elections for the composition of the National Assembly, in late 2005, the opposition did not field candidates of its own, the legislative chamber is entirely *Chavista*. Third, the social programmes under the rubric of the *misiones*, which have had a significant impact on the reduction of poverty, are still very well received by the under-resourced sections of the population. Add to this the new oil-driven cycle of consumption which has been beneficial to these social layers; as well as the split in the opposition between those that recognise the need to confront the forces of *Chavismo* on a democratic playing field and those that have been taken over by a culture of destabilisation.

The Venezuelan government has also a very strong nationalist inclination, which reinforces the ideological radicalisation. This nationalism expressed itself more clearly in the beginning of the second presidential term, in the process that sought to reverse the privatisations that had occurred during the 1990s, in the last governments of the *Punto Fijo* pact of Carlos Andrés Pérez and Rafael Caldera.⁴ The announcement of the nationalisation of some electricity and telecommunication companies should not

have surprised anyone. Despite the delay, they were realised when the moment was right, after Chávez's overwhelming re-election in December 2006 and his dominance of Congress. Thus, Chávez managed to pass the enabling law that was missing for the re-nationalisations.

However, the impact of the renationalisations may have been more political than economic. The impact on the Venezuelan economy is likely to be small. And the loss to the multinational firms, such as the Spanish *Telefónica*, must also have been small. However, from a political point of view it would consolidate the fears of foreign investors that Venezuela is not reliable regarding their capital and it would increase the fears of the United States and Europe that Venezuela is advancing towards a nationalist radicalisation. It would equally spark fears among neighbouring states, especially those of Mercosur (the Common Market of the South), regarding possible difficulties in dealing with a leader who takes internal measures without taking into account the impact of the integration process.

This is not to lose sight of the role of ideas in Chávez's decision. Given his socialist convictions, he perceives state control over strategic sectors, such as telecommunications, electricity, the issuing of currency, or the oil strips that remain in private hands, to be fundamental. But, certainly, the success of his project will depend more on the manner in which Venezuelan society reacts, which is so socialised in liberal values and the American way of life.

ACTIVISM, OIL AND VENEZUELA'S LACK OF STRATEGIC VISION

Under Chávez, Venezuela's foreign policy began to grant higher priority to Latin America, and especially South America, which has resulted in a contradictory dynamic of co-operation and conflict, especially with Brazil, although the conflict in this case is more veiled than declared. There has been some estrangement in the Brazil-Venezuela relationship, whose inflexion point was Venezuela's decisive support for Bolivia's decision to renationalise its gas and oil industry in May 2006. Also irritating to the Brazilian government has been Venezuela's interventionist behaviour in the domestic affairs of South American states, especially in electoral processes, such as in the case of Peru and Ecuador. Moreover, the Brazilian government has also viewed with dissatisfaction Chávez's own attitude in establishing preconditions for Venezuela's definitive entry into Mercosur, especially Chávez's argument that Venezuela is not interested in integrating into the 'old Mercosur', referring to

the strongly commercial nature of the integration of the Southern Cone up to the present.

Moreover, Venezuela has supported, together with the more radical leftist governments in Latin America, such as Cuba, Nicaragua, Ecuador and Bolivia, the regional bloc known as the Bolivarian Alternative for the Americas (ALBA). But Chávez's foreign policy agenda is still wider. Chávez defends an alliance of state-owned Latin American oil companies, Petrosur, which would speed up the regional integration of the energy sector, and has further proposed, among other initiatives like the Bank of the South as an alternative to the World Bank and the International Monetary Fund (IMF), a nuclear consortium among Argentina, Brazil and Venezuela, the development of a Mercosur gas pipeline, the integration of Latin American armed forces, and the creation of a regional defence alliance that would exclude the United States. He has also supported the creation of Petrocaribe (a Caribbean multi-state oil company) and Telesur (a South American multi-state television company). In the wider global context, Chávez continues to slam the United States in his speeches as he simultaneously strengthens his ties with China, Russia and Iran, with which he supports a multipolar world (Villa 2004, 2007).

What are the roots of this intense diplomatic activism? It is necessary to clarify that Venezuelan foreign policy activism has been a constant throughout the democratic period that began in 1959. In the 1960s, the social democratic Venezuelan president Rómulo Betancourt, the great architect of Venezuelan democracy under the *Punto Fijo* pact, became notorious for his diplomacy of proclaiming the so-called 'Betancourt doctrine' which denied recognition to any government that came to power on the basis of foul play. In the 1970s, the government of social democrat Carlos Andres Pérez, architect of the nationalisation of the oil industry in 1976, always nurtured the dream of becoming one of the main leaders of the third world. Chávez's government has given continuity to this tradition since the beginning of 2000, that is, a tradition of coveting a role as a regional player which does not correspond to its power resources, or its geographic or demographic size, or the size of its internal problems.

Apart from Venezuela's traditional activism – which some authors (Romero 2007: 1) even date back to the times of Simon Bolívar – it is not surprising that oil resources have been mobilised as a political instrument to serve a hemispheric foreign policy, that is, for the realisation of political projects of regional influence, or

as a bargaining chip. This is the second constant in Venezuelan foreign policy.

During the two decades of the *Punto Fijo* pact, the greatest volume of oil income (the main instrument of regional influence) was directed towards Central America and the Caribbean. In so doing, Venezuela competed with Mexico for regional influence, although this competition had outstanding moments of co-operation, such as the San José Treaty, which supplied oil to Central American and Caribbean countries at prices protected from the contingencies of the world market, and the Contadora Group, in which Colombia and Costa Rica also took part, which played a frontline role in the mediation of the armed conflict in Central America in the 1980s.

The novelty of the foreign policy of the Chávez period is that, on the one hand, Venezuela no longer has a strong competitor in Mexico, whose foreign policy activism ceased in the early 1990s; and on the other, it has redoubled its interests in Central America and the Caribbean, through the intense relations with Cuba and the creation of Petrocaribe in 2006 as an instrument of aid and co-operation. At the same time, a further novelty is Venezuela's growing interest in playing a protagonist role in South America, thereby also confronting Brazil's agenda in the region. This objective combines the mobilisation of ideological elements with pragmatic political resources. The image of a man moved by ideas and a Bolivarian historical mission has nurtured suspicions among domestic sectors in some South American countries, such as Brazil, Chile and Peru.

The most co-operative of objectives with regards to South America have often been confusing, as was the case of the failed proposal of an oil pipeline that would cross South America from Venezuela to Argentina. This amounted to a lack of strategic vision, a deficiency nurtured by Chávez's personalist style. Just like in domestic politics, in foreign policy Chávez could justly claim that 'foreign policy is me'. It is true that Chávez inherits a tradition that is, in fact, constitutionalised, and that strongly tends to concentrate foreign policy-making in the hands of the President of the Republic. But the personalism of Chávez in foreign policy can only be compared to the first government of Carlos Andrés Pérez (1973–78). The lack of strategic vision in foreign policy is reflected in the constant change of Foreign Affairs ministers, which does not allow for the consolidation of aims and procedures in the ministry. The concentration of power is very possible in presidential regimes, but it does not necessarily imply constant changes in its bureaucracy. Until mid 2007, six

chancellors had passed through the *Casa Amarilla* ('Yellow House', or Ministry of Foreign Affairs) under Chávez. Chávez also inherits a foreign policy apparatus whose diplomatic and bureaucratic corps are hardly professionalised, when compared to that of the Itamaraty (Brazilian Foreign Ministry) in Brazil, for example. None of Chávez's chancellors have been career diplomats.

In addition, the paucity of strategic vision has caused tensions with other South American governments, especially those with which, in theory, the Venezuelan government would have an ideological affinity, such as that of Brazil. Chávez's foreign policy for South America has led to the revisiting of some common liberal ideas which postulate that governments of states with similar political regimes tend to be more co-operative with each other, while governments with different political regimes tend to be more antagonistic. Liberal thought conceived of this as the theory of 'democratic peace', which, since Immanuel Kant, has affirmed that democratic governments do not go to war with one another. We may twist this theoretical premise to say that leftist governments with substantial ideological coincidences should tend to be more co-operative with each other, even if the content of their leftism may be of different intensity.

With the current trend of emerging leftist governments in Latin America, and especially in South America, this notion made a great deal of sense; it was expected that the strategic goals of South American countries, such as regional integration, would find a more favourable environment among leftist governments. This was a strong bet by Brazilian foreign-policy makers in relation to the new nationalist governments with leftist hues, such as that of Chávez in Venezuela.⁵

TENSIONS WITHIN SOUTH AMERICA

In principle, the overlap of positions between the Brazilian and Venezuelan governments tended to confirm the premise regarding the higher convergence among governments of similar political character. These coincidences were not few. Amado Luiz Cervo (2001) summarised this close diplomatic relationship some two years after the beginning of the Chávez administration:

Effectively, insofar as differences of style in external action is concerned, no other South American country presents, compared to Brazil, in the beginning of the millennium, so many common variables in its vision of the world and in its external strategy as

Venezuela. The convergence establishes itself within the following parameters: (a) the concept of asymmetrical globalisation as a correction to the concept of beneficial globalisation; (b) the political and strategic concept of South America; (c) the reinforcement of a robust central nucleus in the national economy as a conditioner of global interdependence; (d) the prior integration of South America as a conditioner of hemispherical integration; (e) a perception about the harmfulness of ALCA [Área de Livre Comércio para as Américas, or Free Trade Area of the Americas, FTAA], in the case of its establishment without prior conditioners and without effective commercial reciprocity; (f) reservations towards the military aspect of Plan Colombia; (g) repudiation of any North American military presence and over flights in the Amazon; (h) the decision not to privatise the oil sector. (ibid.: 19, my translation)

Cervo also highlights that during the administrations of Caldera, Chávez and Cardoso, from 1994 to date, 'the personal effort of the heads of state was the main engine of co-operation that was enhanced in the spheres of political and economic action' (ibid.: 7–10).

What then has changed and what is the limit of this change? First, it is necessary to say that the differences between Brazil and Venezuela are at a level that can still be treated diplomatically. But the differences are not of diplomatic style, they are substantive. Certain issues are no longer relevant in the original overlap; for example, with the almost definitive freezing of the ALCA project and the multilateral efforts of Brazil to secure a position adequate to its status as a middle power in the 'asymmetric globalisation', two points that offered good arguments for a solid bilateral relation vanished. But the substantive causes of differences are to be found on the binomial of ideas and interests that now dominate the Venezuelan elite in power and the manner in which the latter views its role in South America, which does not coincide with Brazilian ideas.

The distancing of Brazil and Venezuela reveals some important differences. First, South American countries, even if they appear to have a certain ideological convergence, they do not have a common foreign policy project. Within the different hues of left politics that exist in South America – that span a spectrum from the more radical to the centre-left – there appear to be three foreign policy projects: one represented by the founding states of Mercosur, which, despite successive crises and different government styles, agree that it is necessary to maintain the autonomy of the bloc with a positive agenda towards the United States; a second project

which is more orientated towards a strong relationship with the United States, and is advocated by Chile and Colombia;⁶ and a third project, which is the perspective of the ALBA bloc, that is, a more radicalised proposal that includes three Andean countries, Venezuela, Bolivia and Ecuador, but whose main promoter is the Venezuelan government.

Another important aspect revealed by the diplomatic estrangement is the existence of substantive differences between Venezuela and Brazil in their conception of the process of integration. There is a strong difference over what the political nature of the regional integration process must be. Venezuela conceives of the integration process as resting on a foundation that is not only economic but also profoundly political. It also conceives of the integration process as anti-capitalist, in accordance with its vision of 'Twenty-first Century Socialism', which differs from the moderate centre-left view, which places a strong emphasis on the commercial nature of the integration process and which is sustained by Brazil and the rest of the original Mercosur nations. As Carlos Romero, an important scholar of Venezuelan foreign policy, has observed, this alternative model of integration proposed by Venezuela is concerned with

defining an integration that in the medium term is based on non-capitalist foundations, in the exercise of a participative democracy, in the promotion of an economy that combines state property with social and co-operative property, and in the regulation and reduction of foreign direct investments. (2007: 7, my translation)

Actually, ALBA was in principle an initiative of the Cuban president, Fidel Castro, but it found in Venezuela its most enthusiastic proponent and financial supporter. ALBA was initially conceived of as an alternative to the ALCA project promoted by the US government. Its declared objective is to widen integration and resist US influence in the region, on the basis of the elements mentioned above by Romero. Perhaps the alternative character of ALBA will sooner or later come into conflict with the more pragmatic Mercosur. During the first meeting of the member states of ALBA in mid 2007, the Venezuelan government sent clear signs of this estrangement by announcing the creation of the Development Bank to fund joint projects among ALBA members. And in a clear reference to Mercosur, Chávez himself said that 'we are forced to advance more rapidly every day and in a more precise way'.⁷ Meanwhile, the members of the treaty have already sketched out for

the future the institutional structure of the integration mechanism, aspiring to turn ALBA into 'a confederation of states'.

Perhaps the premises on which this alternative model of integration is based could explain the ambiguous and vacillating discourse that the Venezuelan government has adopted since the first semester of 2007, that sets as a condition for its definitive entry in Mercosur the profound reformulation of the latter, as it is no longer of interest to Venezuela to join the 'old Mercosur', as the president calls it. The Venezuelan president could have been signalling the possible withdrawal of Venezuela's candidature, since his vision of a substantive Mercosur would be based on ideological alignments, in addition to a substantive and structural convergence of interests (such as the common front against ALCA or globalisation).

On the other hand, although Fidel Castro continues to be an important reference for part of the Latin American left, Venezuelan leadership would find, without a doubt, more space for action in a bloc like ALBA. In fact, until now ALBA subsists on the basis of the mobilisation of Venezuelan oil resources, capable of subsidising the oil consumed by Cuba and part of the social programmes underway in Bolivia, Ecuador and Nicaragua. In other words, ALBA is a kind of foreign policy clientelism that works on the basis of the exchange of influence for oil (or its resources). Meanwhile, this foreign policy clientelism has received very little enthusiasm from key countries like Argentina, from which Venezuela purchased 5 per cent of its external debt in 2006, and with which it signed important energy agreements in 2005. In the Argentine case, the discrepancy between the enormous co-operation efforts by the Venezuelan government and the small returns for its plans of an alternative integration project is an additional reason for *Chavista* presidential diplomacy to prefer substantive agreements based on ideological preferences.

But why would Chávez's diplomacy turn into an interesting victory, as was the case with the signing of the Mercosur Adhesion Protocol in 2006 to become an integral member of the bloc, in a fleeting passage, without objective results for the country? When the Venezuelan government decided to abandon the Andean Community of Nations (CAN, Comunidad Andina de Naciones) in 2006, the argument was that the Community had been weakened by US interference through commercial mechanisms, such as in the areas of trade promotion and drug eradication, a free trade proposal which had already been signed by Colombia and Peru, and additionally through military and political mechanisms, such as Plan Colombia, which is seen as a future bridge for US intervention in Venezuela.

The Venezuelan government did not have such strong arguments to pull out of Mercosur, of which, in any case, it is not even a full member. The accusations against the Brazilian Congress of being 'a parrot of North American imperialism', or even the deadlines given to Brazil and Paraguay to approve the definitive entry of Venezuela into Mercosur,⁸ was no more than ambiguous rhetoric showing lack of a strategic vision by the Venezuelan president.⁹ This resulted in internal problems for the heads of state of Mercosur, and especially for Lula, who was strongly criticised by certain sectors for supporting the entry of a country whose president is perceived as a threat to internal democratic principles and who constantly violates the most basic principles of non-intervention in the internal affairs of other nations.¹⁰

Nonetheless, the lack of strategic vision, which is partly explainable by the absence of a more professionalised and less politicised structure at the helm of the Foreign Affairs ministry and partly also by the voluntarism of presidential diplomacy, does not lead the Venezuelan executive to lose sight of certain strategic objectives for the country. It must not be forgotten that since the last days of the *puntofijista* democracy, Venezuela defined South America as an important alternative for the diversification of its economic and political relations. And with the arrival of Chávez to power, Mercosur was defined as a 'strategic objective' by Venezuela (Villa 2004: 110).

Either because of pragmatism or because such an objective is still valid for *Chavista* diplomacy, Chávez showed signs of understanding what was at stake for Venezuela. The visits by the Venezuelan ambassador to the Brazilian Congress in July 2007, and the statements made at the same time by the president himself excusing the Brazilian executive for the delays in Congress, attenuated the estrangement between the two countries. The Venezuelan ambassador, putting aside his ideological convictions, expressed that '[t]here was no intention whatsoever by President Chávez to give an ultimatum to Congress. The fact is, there is a Venezuelan market interested in joining Mercosur.'¹¹

The dynamics of approximation and distancing between Venezuela and Brazil must be considered in a series of broader aspects. The first aspect to be considered is the pressure by Chávez on the internal political institutions of the Venezuelan opposition. Certainly, given the doubts and reservations, especially in the United States and in the European Union, raised about the uncertainties created by Chávez's internal policies with respect to the Venezuelan democratic

system, the proximity of Lula to the Venezuelan leadership could eventually affect Brazil's image negatively. But the episode that involved Venezuela, the Brazilian Congress, President Lula himself and Itamaraty can be interpreted as a message sent by the Brazilian government to other governments, that even though Brazil remains politically close to Chávez's Venezuela, it does not approve of internal actions by Chávez that would destabilise domestic institutions in the opposition. At the same time, Brazil may fulfil an important role in relation to Venezuela, exercising a 'moderating power' to the *Chavista* excesses against Venezuela's internal political institutions, given that it is well known that Brazil, since Fernando Henrique Cardoso's second term, remains one of the few countries to which Chávez tends to listen, even in times of diplomatic tension.

The second aspect to be considered has to do with the commercial question. This theme is quite complex because, even if Brazil wishes to distance itself politically from Chávez, this would be contrary to the Brazilian foreign policy of transforming South America into the principal area of Brazilian exports. It should be recalled that in late 2006, South America represented over 20 per cent of Brazilian exports, just below that of the European Union, which was at 22 per cent. With respect to Venezuela specifically, until the government of Cardoso in Brazil, trade with Venezuela was hardly dynamic or significant. But in the last four years, Venezuelan imports from Brazil have acquired an unprecedented dynamism. Brazil's trade with Venezuela is growing faster than that with the other South American countries. In 2006, Brazil became Venezuela's second most important commercial partner, displacing Colombia; today Brazil is second only to the United States. And certainly the trade balance is favourable to Brazil. Of the US\$4.2 billion negotiated in 2006, Brazil exported US\$3.5 billion, while Venezuela exported only US\$600 million (VENBRAS 2006: 2–5).

Similarly, some internal policies by Chávez, especially in the food and civil construction sectors, are favourable to Brazilian capital and certain states of the Brazilian federation. For example, states like Amazonas and Roraima have in Venezuela their main export market for their timber, while the state of Paraná and private firms like Sadia export huge amounts of food, especially chickens, that are destined for the popular markets created by the Chávez government. Finally, over the last five years, Venezuela has been an important destination for Brazilian finance through the BNDES (Banco Nacional de Desenvolvimento Econômico e Social, or National Bank of Economic and Social Development), which has enabled

Brazilian building contractors to carry out some of Venezuela's main public works, such as the construction of bridges and the enlargement or construction of new subways in various cities of the country.

The third issue involved in the relations between Venezuela and Brazil has to do with regional leadership. In this case, we certainly cannot speak of approximation but, on the contrary, distancing. And the highlight of this distancing was certainly Bolivia's renationalisation of its gas and oil sector in May 2006. This moment is symbolic in the relations between Brazil and Venezuela, not only for the participation of Venezuela in the consultations over the Bolivian nationalisation decree, but also because Venezuela's participation revealed three relevant aspects of its foreign policy for South America.

First is that Chávez had a real influence over certain politicians in the region, especially in the Andean countries of Bolivia, Ecuador and Peru. That which may possibly concern the Brazilian government most is that this influence might not be exercised in a responsible manner, in which case it could lead the Venezuelan government to lose sight of the political consequences of openly interventionist postures, as occurred in Ecuador and Peru during their presidential elections.

Second, although the nationalist reaction among some Brazilian opinion-makers called for more drastic measures against Venezuela for its role in the renationalisation of the Bolivian oil, the Brazilian government was not so totally naïve as to overlook that states, even when they preach co-operation and integration, simultaneously pursue an egoistic agenda. For over two decades, whichever Venezuelan elite has been in power has always sought to promote the internationalisation of its oil sector. Even though the last *puntofijista* governments of the late 1980s had a different philosophy on the functioning of democracy – the model was one of representative democracy and not participative, as in the Chávez era – there is a line of continuity in the objective of internationalising Venezuelan oil that runs through Chávez's governments. Thus, Chávez, despite his sharp criticisms of the United States and of neoliberalism, never seriously proposed winding down Citgo, a subsidiary of PDVSA (Venezuela's state-owned energy company) in the United States, or Veba Oil (another PDVSA subsidiary) in Germany; in all cases, his policy has always gone towards restructuring these subsidiaries and articulating their functions with the new government philosophy, before getting rid of them.¹²

Thus, the renationalisation of Bolivian gas and oil presented an opportunity for the Venezuelan state to promote its policy of internationalisation, given that it would mean the expansion of trade and investment for PDVSA, the only Latin American oil company with high technology and investment portfolios capable of competing with the Brazilian Petrobras. However, the manner in which this was done was diplomatically disastrous because it clashed with Brazilian interests, just as Venezuela appeared to be the South American country with a foreign policy close to that of Brazil. Also, the Venezuelan government opted for promoting its own business interests in South America, at the expense of the co-operative discourse and projects, such as the proposal to create a South American supra-state company, Petrosul. In addition, Venezuela took advantage of the old image of Brazil as 'sub-imperialist', which re-emerged among sectors of Bolivian society and which identified Petrobras as the ultimate expression of this behaviour.¹³

Finally, Chávez has shown significant capacity to assume economic and diplomatic initiatives which clash with Brazil's aspirations for South American leadership. This fact has awakened Brazil's perception that Chávez is serious about building a project of regional leadership; that he is not just an ally, but also a potential competitor. In practice, this capacity to take initiatives has included the purchase of part of the foreign debts of Argentina and Ecuador, the proposal for financing Bolivian gas and oil production, the proposal of a southern pipeline,¹⁴ and the latest proposal for creating a funding organ known as Bank of the South.

Added to these is Chávez's financial assistance to the electoral campaigns of candidates close to his ideas in countries that have recently held elections, such as Mexico, Nicaragua, Peru and Ecuador. Chávez seems to have turned himself into an inexhaustible factory of regional initiatives. All in all, the consequence has clearly been an increase in the Venezuelan government's political influence, which has become a constant reference in domestic political affairs in the countries of the Andean region and Mercosur. Such activism may have nourished Chávez's belief that he could transform himself into the latest and most outstanding leader of the Latin American left, as a Fidel Castro replacement.

Despite some diplomatic setbacks, like the southern pipeline and the Bank of the South, if the Venezuelan leadership carries on with its initiatives, Brazil has little chance of neutralising Venezuela in the short term, because Chávez's Venezuela has something that Brazil does not: the flexibility of using or providing huge economic

resources rapidly.¹⁵ For its part, Argentina is less concerned with regional leadership and does not give priority to neutralising Venezuela's activism. At the least, the mobilisation of Venezuelan resources leaves certain countries like Argentina (Venezuela bought 5 per cent of Argentina's foreign debt) with less possibility of playing a critical role against Venezuelan initiatives, even against those acts which constitute intervention in the internal affairs of neighbours or that destabilise the long-term project of regional integration.

It is also true that the Venezuelan government takes advantage of the great discrepancy between discourse and concrete action on the part of Brazilian diplomacy. In this sense, Brazil has a problem similar to that of the United States. It offers much on a discursive level to South American countries and very little on the level of concrete initiatives. In contrast, the Venezuelan government, among its initiatives, has used a social agenda that serves to legitimatise itself internally, through public policies like the *misiones* to affirm itself externally (Maya and Lander 2007). The export of the social agenda as a diplomatic bargaining chip works well with some South American partners, like Bolivia and Ecuador, to which it has exported its social co-operation programmes in collaboration with Cuba. Even the initiatives of the George W. Bush government seemed to recognise, paradoxically, that the social co-operation initiative is correct, and the Venezuela-Cuba pair must be neutralised in the field of social initiatives. In his last visit to South America, Bush defined as one of his objectives the support for programmes in education, health, and housing. According to the US president, the amount of US\$385 million was to be allocated to family housing programmes in Mexico, Brazil, and Chile. Countries like Brazil and Argentina promise investments and social aid initiatives, and open their markets to South American products in the medium term, while Chavez invests, assists, and buys in the short term.

CONCLUSION

The activism of Venezuela in South America, heavily charged with nationalism and commonplace references of the traditional left, encounters resistance in some countries of the region, while the pragmatism of the Venezuelan leader keeps the doors open for cooperation. This is true both for the countries with ideological affinities to Chávez, and for those without them. With regard to the group of South American countries as a whole, the reaction to Venezuela's activism in Brazil and in some other countries has

served to show the Venezuelan government the limits of its external actions based on oil and the export of ideas.

But Venezuelan leadership is also complex. Take, for example, the case of Colombia: despite diplomatic tensions between Colombia and Venezuela in early 2008 when the Colombian army invaded Ecuadorian territory in order to eliminate members of the FARC (Revolutionary Armed Forces of Colombia), this has not impeded the signing of treaties for the development of energy integration or the coincidence of positions in some multilateral forums, like the Organisation of American States. Currently, the two are constructing a binational gas pipeline, an investment of US\$100 million, that will unify western Venezuela with Colombian territory.

But the main dilemma of Chávez's diplomacy is to decide whether to opt for the leadership of a group with little capacity to influence substantively the external agendas of South America, this being the case of ALBA, or to participate in a bloc of countries, specifically Mercosur, in which its leadership aspirations will have to pass through the maze of interests and expansive regional tactics of more heavyweight countries like Brazil and Argentina. Alternatively, in the last instance, it could assume the moral leadership of social movements in South America, an option of limited ambitions, not only for the Venezuelan leader but also in light of historical precedents in Venezuelan leadership, marked by surges of grandeur in regional foreign policy.

With few political resources but with an excess of economic resources, the Venezuelan leadership has acted with little strategic vision of what must be an exercise in cohabitation and use of consultative mechanisms with its South American neighbours. On the other hand, however, the Venezuelan leader has not lacked in pragmatism, and this could be positive in relations with South American countries, insofar as it helps him to understand the limitations of an activist agenda based strictly on values.

NOTES

1. See the Interpol database at www.Interpol.int/Public/ICPO/GeneralAssembly/AGN73/Gallery.asp.
2. See <http://noticias.terra.com.br/eleicoes2006/interna/0,,OI1188143-EI6652,00.html>, accessed on 12 October 2006.
3. See www4.fgv.br/cps/simulador/impacto_2006/ic239.pdf, accessed on 12 October 2006.
4. The *Punto Fijo* was a pact among liberal political elites that governed between 1959 and 1990.

5. It is important to remember that the left in Venezuela only ascended to power during Chávez's administration, which was incorporated as one of the fractions in power, the other fraction being the military.
6. In Colombia's case, this convergence is based on ideological, security and economic reasons, while in Chile's case, it is based less on ideological and more on economic reasons, mediated by the convergence of the Chilean elite with the United States regarding the modus operandi of their insertion into the global markets.
7. Quoted in 'Chávez Propõe Pacto Militar na Alba', *O Estado de São Paulo*, 8 June 2007 (my translation).
8. Argentina and Uruguay had approved Venezuela's entry as a permanent member by July 2007.
9. In July 2007, the Venezuelan president even signalled Venezuela's return to CAN, on the condition that Colombia and Peru ended their negotiations for a Free Trade Agreement with the United States.
10. However, in 2009, the Brazilian Congress finally approved the entry of Venezuela into Mercosur.
11. See *Folha Online*, www.folha.uol.com.br, accessed on 21 July 2007 (my translation).
12. The new management philosophy of PDVSA is to serve as an instrument of social policy by means of the Social Investment Fund of the company, through which the government finances most public policies within the ambit of the *misiones*.
13. According to Moniz Bandeira, this negative image was construed since the 1950s, by means of funding of nationalist sectors by multinational oil firms that feared competition with Brazil in the future; see interview with Moniz Bandeira, 'Seria Difícil para Chávez Sustentar Qualquer Guerra', *A Tarde* (Bahia), 8 July 2007.
14. The Venezuelan government seems to have halted this project on announcing, in late July 2007, that it would not go on with the initiative which was facing resistance by South American partners (Brazil, Argentina, Bolivia and Uruguay); see *O Estado de São Paulo*, 28 July 2007.
15. Not surprisingly, President Lula, during an interview with the BBC, in the context of the regional debate on Venezuela's decision not to grant a concession to the private television station RCTV, called Venezuela a regional 'partner'. This change in diplomatic terminology could mean that Brazil no longer views Venezuela as a 'strategic ally', as in the recent past. And certainly one cannot call a country that is disputing one's regional leadership a 'strategic ally'.

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