

Populist Leadership in the Context of Globalisation

A Comparative Study of President Chávez of Venezuela and ex-President Fujimori of Peru

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Submitted September, 2005

I hereby certify that this material, which I now submit for assessment on the programme of study leading to an award of PhD is entirely my own work and has not been taken from the work of others save and to the extent that such work has been cited and acknowledged within the text of my work.

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ACKNOWLEDGEMENTS

I would like to extend my thanks to the following individuals and institutions for the help, encouragement and/or companionship they provided me during the time spent preparing this document:

Dr. Peadar Kirby, DCU School of Law and Government who had faith in me and gave me the opportunity to realise this project, as well as constant and rigorous guidance. The rest of the staff of Law and Government, especially Dr. John Doyle and Dr. Gary Murphy. DCU's School of Communications for financial and other support, especially Brian Trench. Thanks to Dr. Helena Sheehan and Dr. Des Mc Guinness.

A number of people reviewed sections of this thesis, if not all of it, or advised me on its contents: Dr. Maxwell Cameron, University of British Columbia, Canada; Prof. Ronaldo Munck, DCU; Prof. Margarita López Maya, FACES, University of Caracas, Venezuela; Prof. Steve Ellner, University of the East, Barcelona, Venezuela. Special thanks goes to my dear friend, Dr. Mo Hume, Glasgow University. Thanks too to Dr. Lewis Taylor, ILAS, University of Liverpool for advice and encouragement.

Particular thanks to Eve Merton, School of Communications, DCU for helping out with the final stages. Thanks to my dear friend Brian Gallagher for proofing sections.

Thanks to all those who agreed to be interviewed in Spain, Venezuela and Peru. Also to the library staff of CICOB Barcelona, Spain, special thanks to staff of the Interlibrary Loans Section of DCU Library, and to all staff in the libraries and institutions which I visited in Ireland, Spain, Peru and Venezuela.

Thanks to all the guys in the office, but particularly Sergio Sparviero, for lunches and technical trouble shooting. Thanks to friends in Barcelona, Caracas and Lima.

Finally, and not least importantly, much gratitude to my mother, Madeleine Cannon Walsh, who let me go my own path, but was always there when needed, and my father, Michael Cannon, RIP.

This work is dedicated to my brother, Aidan Cannon, RIP, *te extraño hermano mío*. It is also dedicated to the people of Peru and Venezuela, *un abrazo!*

Fieldwork for this study was partly financed by what was the National Committee for Development Education (NCDE), now subsumed into Development Cooperation Ireland (DCI).

ABSTRACT

This thesis is an examination of the similarities and differences between ex-President Alberto Fujimori of Peru and President Hugo Chávez of Venezuela using the literature on populism to provide a comparative framework. It compares both presidents, in a qualitative manner, by examining the socio-political context in both countries, the causes for the emergence of both regimes, their ideological and programmatic characteristics, and the consequences they have or might have for their respective countries. The thesis is divided up into six chapters, with an Introduction and Conclusion.

In the first chapter, the thesis examines the literature on populism in order to construct an analytic framework. The thesis then goes on, in the following chapter, to analyse the historical context from which both presidents emerged. In Chapter 3, the economic and social performance of each presidency is investigated and examined, assessing the extent to which each provides the popular classes of their respective countries with a means to participate in these areas of national life. The fourth chapter presents the strategies used by both presidents to gain and maintain power in their respective countries. The relative authoritarianism and democratic characteristics of each president is analysed and assessed in the following chapter, measuring also the extent to which the people of each country participate politically in their country's affairs. In the final chapter the impact and consequences of each president on the respective case countries is examined.

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LIST OF ABBREVIATIONS

General

DD	'Delegative Democracies'
EAP	Economically Active Population
FDI	Foreign Direct Investment
FTAA	Free Trade of the Americas Agreement
IFIs	International Financial Institutions
ISI	Import Substitution Industrialisation
IMF	International Monetary Fund
MNCs	Multinational Corporations
NED	National Endowment for Democracy
OAS	Organisation of American States
SAPs	Structural Adjustment Programmes
TNCs	Transnational Corporations

Peru

AP	<i>Acción Popular</i> / Popular Action
APRA	<i>Allianza Popular Revolucionaria Americana</i> /Popular Revolutionary American Alliance
CCD	<i>Congreso Constituyente Democrático</i> / Democratic Constitutional Congress
CRBP	<i>Banco Central de Reserva del Perú</i> / Central Reserve Bank of Peru
FONCODES	<i>Fondo Nacional de Compensación y Desarrollo Social</i> /National Fund for Social Compensation and Development
FREDEMO	<i>Frente Democrático</i> / Democratic Front
GRFA	<i>Gobierno Revolucionario de las Fuerzas Armadas</i> /The Revolutionary Government of the Armed Forces
IU	<i>Izquierda Unida</i> /United Left

MRTA	<i>Movimiento Revolucionario Túpac Amaru/</i> Revolutionary Movement Tupac Amaru
JNE	<i>Jurado Nacional Electoral/</i> National Electoral Jury
MIPRE	<i>Ministerio de la Presidencia/</i> Ministry of the Presidency
PPC	<i>Partido Popular Cristiano/</i> Christian Popular Party
SINAMOS	<i>Sistema Nacional de Apoyo a la Movilización Popular/</i> National System of Support for Popular Mobilisation
SUNAT	<i>Superintendencia Nacional de Tributos/</i> National Revenue Superintendent

Venezuela

AD	<i>Acción Democrática/</i> Democratic Action
ANC	<i>Asamblea Nacional Constituyente/</i> National Constituent Assembly
CNE	<i>Consejo Nacional Electoral/</i> National Electoral Council
COPRE	<i>Comisión Presidencial para la Reforma del Estado/</i> Presidential Commission for the Reform of the State
COPEI	<i>Comité de Organización Política Electoral Independiente/</i> Independent Electoral Committee for Political Organisation
CTV	<i>Confederación de Trabajadores de Venezuela/</i> Venezuelan Workers Confederation
FEDECAMARAS	<i>Federación de Camaras de Comercio y Producción/</i> Federation of Chambers of Commerce and Production
FBT	<i>Fuerza Bolivariano de Trabajadores/</i> Bolivarian Workers Force
LCR	<i>La Causa R/ La Causa Radical/</i> The Radical Cause
MAS	<i>Movimiento al Socialismo/</i> Movement towards Socialism
MBR-200	<i>Movimiento Bolivariano Revolucionario-200/</i> Bolivarian Revolutionary Movement-200
MVR	<i>Movimiento Quinta Republica/</i> Fifth Republic Movement
AN	<i>Asamblea Nacional/</i> National Assembly
PCV	<i>Partido Comunista Venezolano/</i> Communist Party of Venezuela

PPT	<i>Patria Para Todos/</i> Motherland for All
PDVSA	<i>Petroleos de Venezuela SA/Venezuelan Oil Ltd. Co.</i>
PP	<i>Polo Patriotico/</i> Patriotic Pole
TSJ	<i>Tribunal Supremo de Justicia/</i> Supreme Tribunal of Justice

INTRODUCTION

Introduction

The present thesis is an examination of two new populist regimes which emerged in the 1990s in Latin America. These regimes emerged as responses to the uncertainties, in development and democracy, found in the continent after the 'lost decade' of the 1980s. In the 1980s Latin America faced a sustained period of negative economic growth which reversed many of the social and economic gains of the previous two decades. It also faced the task of installing new or reconstituting old, liberal democratic regimes after the authoritarian dictatorships that held power in many countries in the region during much of the 1970s and early 1980s. The regimes of Fujimori and Chávez tried to reconcile the demands for increased popular economic and social participation with an 'acceptable' level of democracy. Furthermore, they were responses to the worldwide structural changes favouring the market referred to most commonly as globalisation. This thesis is therefore a comparative examination of the emergence of both these regimes as responses to the challenges of development, democracy and globalisation which were developing in the region in the 1990s.

Fujimori and Chávez: Populist Presidents

Although Fujimori and Chávez coincided in power only for a brief period (between 1998 and 2000) there seemed to be, on the surface at least, a number of important similarities between the two presidents. Both were different from the normal run of politicians in their seemingly authoritarian manner of doing politics. Both leaders furthermore were reviled by 'respectable' liberal democrats, and it was not unusual to read about or hear negative comparisons of the two men from those quarters. The presidents were seen as charismatic, authoritarian 'outsiders', who aimed to destroy the old political orders and install personalist

authoritarian hegemonies. Their policies it was argued could result in the "de-institutionalisation" and polarisation of both countries, despite the fact that both were elected democratically (See for example Tanaka, 2002).

Yet Chávez, despite showing some signs of authoritarianism, such as a centralisation of powers in the executive (see Chapter 4), had nonetheless effected a transition to a new Constitutional model democratically, unlike Fujimori who executed a "self-coup" in April 1992 to sweep away the old order (See Chapter 5). Furthermore, there were wide divergences in discourse and ideology between the two presidents, most notably on the question of neoliberalism, which gave the Chávez regime a very different flavour to that of Fujimori.

Further comparisons situate both presidents within debates on populism and "neopopulism". Tanaka (*ibid.*), for example, notes that the similarities between the profiles of both presidents match similar profiles of leaders found in the literature on populism and "neopopulism".¹ He characterises both presidents as "personalist leaders, with neopopulist and anti-systemic discourses" (*ibid.* p1). More recently, however, Ellner (2003) rejects simplistic comparisons between Fujimori and Chávez on the basis of authoritarianism and points instead towards a more considered examination of the relationship between these leaders and the popular classes, which he identifies as the principal common characteristic between both presidents (p34).

A review of the literature on each individual president further reinforces the perception that theory on populism is a key tool for understanding these

¹There is much debate about the use of these terms and if indeed there is a distinction between the two. There is no definitive definition of "Populism" but one definition applicable to Latin America is as follows: a form of government with a personalist, and paternalistic pattern of political leadership; a heterogeneous, polyclass political coalition based on subaltern sectors of society; a top-down process of political mobilization; an amorphous or eclectic ideology; and an economic project that utilizes widespread redistributive or clientelistic methods. See Roberts 1995, p.88. For "Neopopulism" see Weyland, 1996. For a discussion on the relevance of the term Neopopulism see Lynch, 2000 pp.153-179.

leaders.² Fujimori has been clearly identified by many analysts as 'neopopulist', that is that there is a convergence between his political 'style', which is seen as populist, and his socio-economic policies, which are seen as neoliberal (See Roberts, 1995 and Kay, 1995 for example). Chávez also has been placed within this line of analysis, but he has presented difficulties for analysts due to his rejection of neoliberalism, (See Ellner, 2001 and Ellner, 2003 for example) though Cammack (2000) sees him as potentially neoliberal.³ These analyses, furthermore, are part of a general revival of interest in populism as an analytical tool for examining Latin American leadership since the 1990's.⁴ In general populism is seen by analysts as a useful analytical framework with which to examine both presidencies.

Populism and Globalisation

Nonetheless, much of the literature on populism needs to be revisited or supplemented in the light of globalisation and neoliberalism. Populism has been traditionally associated with state interventionism and distributivist policies, with high tariff barriers, state ownership of strategic industries, and state subvention of much private industry (Dornbusch and Edwards, 1996). With the advent of globalisation and neoliberalism, populism was recast as 'neopopulism' (Weyland, 1996) due to perceived close affinities between it and neoliberalism. 'Classic' populism was deemed to be 'dead', never to return.

With the emergence of Chávez, however, in the late 1990s this was proven not to be the case as he railed against neoliberalism and embarked on a massive spending programme on education and health, with firmer state control of the all important oil industry in Venezuela. This seeming revival of 'old' populism in the age of globalisation seem to contradict earlier claims of its death

² For Fujimori see also Sanborn and Panfinchi, 1996; Grompone, 1998; Crabtree, 1998 amongst others.

³ For Chávez see García 1999; Cammack, 2000; Ellner, 2001. For Fujimori see for example ; Roberts, 1995; Kay, 1995; Sanborn and Panfinchi, 1996; Grompone, 1998; Crabtree, 1998 amongst others.

and reincarnation as 'neopopulism'. Clearly, populism needed to be reappraised and reassessed, particularly given the apparent affinities in many aspects of Fujimori's and Chávez's presidencies, especially in terms of presidential style, and stark divergences in terms of policy content. This reappraisal seemed to be particularly needed around three central concepts - legitimisation, democracy and ideology.

Democracy is the principal form of government in Latin America today, with only Cuba as an exception. Furthermore, Latin American governments, through the Organisation of American States (OAS) have taken measures to safeguard liberal democracies survival, such as the Interamerican Democratic Charter.⁵ Globalisation processes in Latin America, however, have placed strains on Latin American democracies. Calvert (2002), points out that globalisation has manifested itself in the region primarily through neoliberalism, and in 'boundary blurring', that is a reduction of state sovereignty in favour of international organisations and transnational corporations (pp 76-85).⁶ Both these phenomena have had a negative impact on the quality and effectiveness of Latin American democracy.

The neoliberal model implemented in Latin America, outlined by the so-called 'Washington Consensus' formulated by Williamson (1990), led to a reduction in the role of the state in favour of the market, which was to become "the principal mechanism for regulating society, resolving conflicts, and determining directions of change" (Weaver, 2000 p181 cited in Kirby, 2003 p56). Yet the achievements of the reforms, now going into their third decade, have been sparse. Growth has benefited mostly multinational companies and large economic groups (Kirby, 2003 pp65-66). Overall growth has not been as high as

⁴ See for example the Special Issue on Populism of the Bulletin of Latin American Research, Vol 19, No.2, 2000.

⁵ The Interamerican Democratic Charter was approved by the OAS in Lima in 2001. The Charter states that if any member country experiences an unconstitutional interruption of the democratic order or an unconstitutional alteration of the constitutional regime norms they can be suspended from the OAS (Article 19 see .

<http://www.oas.org/main/main.asp?sLang=E&sLink=../documents/eng/oasissues.asp>

under the previous Import Substitution Industrialisation policy of the previous few decades. Furthermore a large proportion of the income from this growth ends up being sent to the developed countries in the form of interest payments on the debt, or as repatriated profits (Veltmeyer et al. 1997 p24).

Reforms have had a negative effect on job quality, with the informal sector increasing substantially (ibid. p14; op. cit. p60; Gwynne and Kay, 1999 p22). Social provision has also been reduced, in favour of debt repayment, and much of it transferred into the private/NGO sector, increasing inequality of access (Gwynne and Kay, 1999 p24). The percentage of those living in poverty in Latin America rose from 40.5 % in 1980 to 44.0 % in 2002. Not once did the poverty level go below the 1980 figure during those twenty-two years and income inequality increased (ECLAC, 2003 p50-75).

This poor socio-economic showing has had a knock on effect on democracy's credibility. As Tedesco (1999) puts it Latin Americans have to live with "the paradox of a democratic system seeking the political inclusion of all and an economic system characterised by the economic exclusion of the majority" (cited in Kirby, 2003 p76). As Kirby (2003 p79) maintains, an elitist political system is being consolidated in Latin America that, if anything limits popular influence on decision making. The system has more to do with social control by wealthy elites, than different projects of social transformation, leading to high levels of disenchantment and apathy with politics.

This situation has led to a decline in support for democracy. A recent report on democracy published by the UNDP (2004) shows that Latin Americans have little faith in democracy's ability to improve living standards or in the institutions of democracy (ibid. pp.24–25). Political parties and the judicial system score particularly low levels of trust with Latin Americans according to the report. Most Latin Americans (57% in 2002) express support for democracy, but of those that do so, almost half (48.1%) value economic development more

⁶ For a fuller discussion on globalisation and its effects on developing countries see Chapter 5.

highly, and would support an authoritarian government if it solved the country's problems (44.9%) (ibid. p52). Furthermore, those who show the least faith in democracy are those who live in countries with higher levels of inequality, illustrating graphically the link between lack of confidence in democracy as it currently exists and inequality (ibid. p58) (See also Chapter 4). These dichotomies and dualities in Latin America are strengthened, along with poverty and inequality, rather than lessened by globalisation.

Implications for research

The genesis of the Fujimori and Chávez governments were strongly influenced by these processes and effects of globalisation. Both presidencies emerged from economic crisis, and the rejection of reform along neoliberal lines. Both men ran for their respective presidencies on anti-neoliberal tickets (See Chapter 2). However, on winning office Fujimori enthusiastically embraced neoliberalism while Chávez urged a more cautious, anti-neoliberal insertion into globalisation processes. Clearly therefore Peru and Venezuela, and Fujimori and Chávez are not simply isolated entities, but are caught up in a greater movement within the region, and the world, to radically restructure economic, political and social relations along neoliberal lines.

This underlines the need to examine populism from a much wider perspective than a simple political science approach. It points to an examination of both presidents as populists within a wider international political economy framework, recognising the strong influence of globalisation on the economic, social and political spheres in both countries. It also has to take account of democratising processes which were limited and held up by the constraints of the globalised international political economy. In this way any discussion of Chávez and Fujimori needs to be placed not just in a context of populism, but in wider discussions about legitimacy, ideology and democracy.

A review of the literature on populism shows that it can provide a basic analytical framework with which to examine both presidencies (See Chapter 1).

The literature can provide us with relevant information on the context, causes, characteristics and consequences of populism which can structure and inform investigation into these regimes. Yet while the existing literature on populism can provide a basic framework it has a number of shortcomings as an analytical tool which need to be augmented by other literatures to create a new framework. In general, I argue that the literature on populism is too firmly rooted in a narrow conception of political science which overemphasises the political to the neglect of the economic and the social. For that reason, it was necessary in this thesis to go beyond the literature on populism to other literatures, in the areas mentioned above, which could provide a more ample framework to examine specific research questions.

Aims and objectives of the study

The preceding sections of this introduction therefore identify four main areas of study. Firstly there is a perceived need for an examination of the similarities and differences between both presidents, within the context of the role of populism in contemporary politics in the region. This would necessitate detailed studies of both presidents in the light of their influence and impact on their respective societies. Finally the influence of globalisation on both presidencies presents a further strand of research.

Consequently the main aim of the study is to analyse, by using the theoretical literature on populism as a comparative framework, within the context of globalisation, the similarities and differences between the presidencies of Chávez and Fujimori, why these exist and what effect each presidency has had on the states and societies of their respective countries. From this main aim a number of further aims are laid out below with their respective objectives:

- 1.** To analyse the nature of both presidencies using populism as an analytical framework, as well as contributing to the debate on the role of populism in contemporary Latin American politics. Objectives under this aim would be to:

- Design a methodological strategy to research study;
- Construct an analytic framework from the literature on populism;
- Investigate the origins, causes, characteristics, and consequences of both governments;
- Compare both presidencies within the theoretical framework on populism to analyse the extent to which they can be interpreted by populism and;
- Assess implications of findings with respect to the usefulness of populism as an analytical category to examine contemporary politics in the region.

2. To examine the presidency of Alberto Fujimori in the context of his continued influence on Peruvian politics and society. Objectives here would be to:

- Analyse the political, social and economic literature on Fujimori with relation to theoretical framework;
- Analyse the relation of the Fujimori presidency to globalisation processes;
- Place the analysis within the contemporary Peruvian political context, and;
- Assess the continuing impact of the Fujimori regime in Peru, and the possible evolution of the political situation there, based on the evidence presented.

3. To investigate, in comparative perspective, the nature and possible evolution of the presidency of Hugo Chávez, and so shed more light on this regime which has been subject to highly polarised debate amongst analysts and political commentators, as well as amongst the Venezuelan public. Objectives which arise from this aim are to:

- Analyse the political, social and economic literature on Chávez in relation to the theoretical framework;
- Analyse the relation of the Chávez presidency to globalisation processes;
- Place the analysis within the contemporary Venezuelan political context, and;

- Assess the possible evolution of the Chávez government in Venezuela based on the evidence presented.
4. To analyse the position of both presidencies within the globalisation processes taking place in the region in order to trace the political effects of these processes and their possible evolution in both countries and in the region as a whole. This gives rise to the following objectives:
- Research the nature and impact of globalisation in Latin America;
 - Analyse the relation of both presidents to globalisation processes, and;
 - Assess the implications of both presidencies for globalisation processes in Latin America.

Little comparative work has been done on these presidents, and the study's focus on them within a framework of populism, in the context of globalisation will, it is hoped, provide an original and substantial contribution to the knowledge of both presidencies, and as such contribute to wider debates about populism and globalisation in the region as a whole. Whilst this section has covered the aims and objectives of the study, the next section will look at how I intend to realise those aims and objectives.

Methodological considerations

This study is methodologically situated within comparative politics, using qualitative techniques. Comparative methodology is useful because it is the best way to obtain the raw data on which to base informed judgements (Lijphart, 1971 cited in Calvert, 2002 p9). It shows up regular patterns in the behaviour of both individuals and groups (ibid.). It allows us to describe in detail political phenomena and events in the case countries; to classify, reducing the complexity of the world and so allowing us to understand it more deeply; to test

hypotheses, that is "explain what has been described and classified" (Landman, 2000 p6); and to help us predict about future political outcomes (ibid. p10).

In this case comparison is done with a 'whole unit' approach, that is some of the relevant structures in two states are compared that have important aspects in common. This approach is best suited to the comparison of two countries, what Calvert calls a 'pair-wise comparison' (Calvert, 2002 p23). Thus the present study examines the social, economic and political contexts in each of the countries, characteristics of the presidency, such as its relative authoritarianism or democracy, its organisational nature, and the nature of its leadership. I also examine discourse, ideology and the economic and social policies of each president. And finally I examine their impact on each country, in terms of their political structures and popular participation. In this way the thesis will provide a systematic and comprehensive comparison of both countries and regimes in order to fulfil the aims and objectives outlined.

The study was designed with Przeworski and Teune's (1970) "most similar systems design" (MSSD) in mind. MSSD seeks to identify the key features that are different among similar countries and which account for the observed political outcome. MSSD is, according to these authors, particularly well suited for area studies, in this case Latin American studies.

This particular study suggests a qualitative approach as such an approach is more suitable for exploring each actor's interpretation of events, through close personal contact with the subject's [in this case President's Chávez and Fujimori's] environments, something which is absent from quantitative methodology (Bryman, 1988 p95). Polarisation around the figure of the president is a feature in both societies, and is especially notable in Venezuela, where there have been repeated attempts to dislodge the President from power. In such circumstances qualitative research is more appropriate to understand the motivations behind this situation than quantitative methodology.

The study is informed by a number of schools of interpretation. Firstly it seeks to provide an historical/descriptive interpretation of events in both

countries both before and during the time span of both presidencies. I consistently use historical material to analyse the different aspects inherent in the aims and objectives of the study. An historical interpretation provides essential data, as the Chávez and Fujimori presidencies are not only responses to the challenges of globalisation, but are also responses conditioned by the unique historical trajectories of each country and its peoples.

Furthermore there is a strong influence of Marxist thinking in the study, firstly in terms of its emphasis on social cleavages, particularly, although not exclusively, class (see Chapter 2), but also through influences from dependency theory as elaborated most famously by Cardoso and Faletto (1979).⁷ Whilst there has been some debate as to the continued relevance of dependency theory (see Calvert, 2002 pp77-78), it continues to exercise an important influence on analysis of the region (Kirby, 2003 p7). An important viewpoint in this study is that the political, economic and social are inextricably interlinked and the inclusion of a Marxist perspective goes some way towards recognising that fact. Having discussed the methodological and theoretical underpinnings of the study I will now go on to discuss the methods used to carry it out in the following section.

Research methods

An extended fieldwork visit to both countries was a central qualitative research method for this study, providing an important means to understand how both presidents interacted with the societies they emerged from. In other words, it was necessary to experience them from within, in order to theorise effectively. Furthermore, this technique would allow the study depth rather than breadth - immersion into these societies so as to observe and

⁷ Dependency theory holds that developing countries cannot follow the development route of advanced industrial countries, as developing countries need core country investment for development. Developing countries are therefore dependent on the core countries, which, however, insist on terms of trade which are unfavourable for Third World development. "The effect of these conditions is that capital is drained out of the periphery into the core" (Calvert, 2002), preventing the former's development (p77).

analyse the every-day realities of politics on a micro-level. This would allow me to achieve a more holistic understanding of the appeal, or lack of appeal, of such leaders, thus providing me with a thorough knowledge of the subjects studied. Direct observation would further be complimented by a theoretical and empirical underpinning gleaned from extensive investigation of primary and secondary sources.⁸

Naples (1996) warns that fieldworkers have to negotiate relationships in unfamiliar surroundings, within a context of change. Resources such as reflexivity, as recommended by Steier (1991), which recognises that research is an interactive process, that it is a form of participation in the subject being studied, can go some way to dealing with such contingencies. These observations were often borne out by my experience of fieldwork as events forced me to develop a repertoire of coping mechanisms for problems that arose.

In Venezuela (January 2002-May 2002) there was evident polarisation between the opposition and government side which tested severely my powers of impartiality as one or the other side attempted to persuade me of their case. Coping mechanisms that I developed were ensuring that my research included people from both sides of the divide and those that professed to be in the middle. Furthermore, while I was in Venezuela the April coup against President Chávez took place, an event which presented me with dilemmas on the bounds of my participation in, and witnessing of events, and also opportunities in terms of piercing through the discourse and seeing the true intent of participants. Since then the coup has become an area of dispute between government and opposition, as the latter refers to it as a 'constitutional rebellion' while the former simply as a *golpe de estado* (coup d'etat) (See Cannon, 2004). Being present and witnessing these events allowed me to see through such arguments and make up my own mind with regard to their nature.

⁸ Primary sources such as government publications, political writings and speeches of both presidents, interviews with key figures, and secondary sources, such as academic writings and analysis on both presidents and their respective societies.

In Peru as well, events presented themselves which I could not have foreseen but which were defining moments in my understanding of the context and nature of the Fujimori regime. In June 2002 there was a popular rebellion in the southern city of Arequipa against President Toledo's privatisation policies. The reaction of the government to this rebellion, in declaring a state of emergency and sending in tanks to quell it, raised many questions for me with regard to the nature of democracy, and the sometimes fine line between democracy and authoritarianism, particularly in the context of the charges of authoritarianism made against Fujimori and Chávez. Who, I asked myself, was more authoritarian; Toledo or Fujimori, or indeed Toledo or Chávez, given the repression of popular revolt by the Toledo government?⁹

In both cases therefore the research process was often shaped by the context, and by events, as well as any planning I had done in preparation for the trip. Furthermore these events and others like them suggested different personalities to interview, and different sources to study, and sometimes, such as the coup in Venezuela, became in themselves separate areas of research. Ultimately these experiences and the sources studied helped shape the questions, content and structure of the thesis itself which I shall go on to discuss in the next section.

Research questions and structure of the thesis

My study is guided by a number of essential questions grouped around what I called the 'four C's', that is context, causes, characteristics, and consequences, namely: what were the contexts from which these leaders arose, why they emerged, what were their policies, and what consequences these presidencies have for the countries they rule. These four pillars therefore became

⁹ In May 2004, to give another example, Toledo announced severe penalties against road blocking protests, being held by the coca growers union in protest at government policy in the coca growing regions. See BBC Mundo 'Perú: medidas antibloqueos' at <http://news.bbc.co.uk/1/hi/spanish/latin_america/newsid_3752000/3752133.stm>.

the essential guiding structure for the study, giving it both a logical and narrative flow.

From these guiding questions an essential question began to emerge with relation to the globalisation processes described above: If populism was considered dead as a result of the failure of ISI, and its abandonment by most governments in the region, how and why did it re-emerge in the 1990s, under neoliberalism, and continue on into the twenty-first century? One explanation was offered by Kurt Weyland (1996) in the coining of the term 'neopopulism', based on the perceived similarities between populism and neoliberalism. However, the emergence of Chávez, as I've noted above, has upset the applicability of this formulation due to his rejection of neoliberalism. This suggests that populism continues to be a key analytical category in contemporary Latin American politics. However, it also suggests that the literature on populism is limited in its ability to explain both presidents' political appeal and programmes. Chapter 1 will analyse and examine the literature of populism, to show that while providing an effective overall structure, other literatures, specifically on ideology, democracy and legitimacy must be used to augment its explanatory power. In turn other analysts from these literatures will be suggested and reviewed.

A further question that arises is how it is that, in an international context extremely hostile to non-neoliberal models, a phenomenon such as *chavismo* can emerge. What differences and similarities are there between the historical contexts of Peru and Venezuela, which contributed to the coming to power of these particular leaders in the specific conjunctures in which they emerged? Chapter 2 therefore will look at the historical contexts of both countries, using historical and sociological material to help explain the deeply rooted social cleavages which have remained unresolved despite, or indeed as a result of, modernisation processes in the late nineteenth and twentieth centuries. Recent globalisation processes have heightened further those cleavages. However, the distinct historical trajectories of each country contributed greatly, I argue, to the

emergence of leaders who, while they have substantial similarities, also have notable differences in terms of ideology, discourse, and popular organisation. The chapter bases its theoretical discussion on the role of crisis in the emergence of populism, but uses Habermas' (1977) theory of legitimacy crisis to prove that such crises emerge due to a lack of legitimacy on three basic levels of national life - the political, the social and the economic.

As noted previously, populism was particularly linked with ISI policies and neopopulism with neoliberalism. However, as we've noted Chávez upset this by pursuing state led policies of high spending on social goods and state control of resources. In chapter 3 I've adopted a broad international political economy approach rooted in Habermas' (1976) concept of legitimacy focusing specifically on both presidents' social and economic policies to explain how they used link it to their projects to gain political legitimacy.

In Chapter 4 I focus on *how* both presidents emerged. What strategies did they use to get into and maintain themselves in power, what influence did the macro-structures of the region have on their ability to maintain power, and what influence do their strategies bring to bear on the nature of the respective presidencies? The literature on populism shows the heterogeneity of populist ideologies but fails to explain the reason for this. Laclau (1977), Laclau and Mouffe (2001) help provide reasons through their theorising on antagonism and ideology. In particular Gramsci's (1971) theory of hegemony gives greater weight and explanatory power to Laclau's and Laclau and Mouffe's theories and thus provide a broader framework in which to explain how these populist leaders came to power.

Relating back to the democratisation processes referred to above, and linking into debates on hegemony, a further question which emerges is the relative democratic or authoritarian nature of each president. This question is particularly imperative considering the repeated charges of authoritarianism against both presidents. Chapter 5 therefore will examine more closely the relative democracy and authoritarianism of each president based on a framework

drawn from the literature on democracy and populism. In particular it is necessary to examine the literature on democracy and popular participation (Dahl, 1989; Rueschemeyer et al., 1992; O' Donnell, 1994) to seek an adequate framework to investigate this dichotomy further.

In the penultimate chapter, Chapter 6, I will turn to the question of the impact of both presidents on their respective polities. Most analysts maintain that populism's impact is overwhelmingly negative. This negativity is located specifically it is said, in the effects on the region's democratic institutions and the prospects for democracy itself. However, the socio-economic and psychological impact of populism on the popular classes in particular is not always taken into account by many of these analysts, who instead concentrate on institutional and procedural concerns of the democratic system, and not its effect on ordinary people. Such concerns furthermore take little note of the context of weak institutions and the global dangers to democracy found in our globalised age. In Chapter 6 therefore, returning to literature on democracy to augment the literature on populism, I attempt to explain why populists can claim democratic legitimacy, despite sometimes stepping out of democratic procedures. I also assess to what extent these presidents affected the sense of inclusion and participation of the popular classes in their respective countries, and weakened or strengthened democratic institutions.

Finally, the conclusion brings together the central arguments of the thesis for discussion and points to future directions for research. It will look particularly at the role of globalisation in the political processes of both countries, and the possible effects that this may have on their future political trajectories.

Conclusion

This introductory chapter has offered an overview of the context of the research and the main questions asked. I review the principal reasons for adopting the literature on populism as an analytical framework and also point to its limitations in that role. While the research is highly qualitative in nature, it

provides an in-depth examination of both presidents' regimes, based on fieldwork and a review of published literatures, and as such can be useful to draw comparisons with other experiences and to reach broader conclusions about the concept of populism and the political situation in the region as a whole.

1 CHAPTER 1: Populism and Latin America: Context, Causes, Characteristics, and Consequences

1.1 Introduction

The concept of populism is essential for the understanding of many of the regimes which emerged in Latin America in the twentieth century. Populism dominated the region for most of that century, from the 1930's to the 1980's specifically. Its characteristics reflected the historical legacies of the past, from colonisation to the modernisation processes of the twentieth century. Populism, indeed, has continued to be an important reference in analysis on Latin American politics, with recent governments, including of course Fujimori and Chávez, being referred to as 'neopopulist' or simply 'populist'.

Latin American populism is, however, far from homogeneous. Populist movements, are extremely heterogeneous; geographically, historically, and in terms of their nature and characteristics. Populism is not just a Latin American phenomenon, nor confined to developing countries, but has appeared in developed countries as well¹⁰. The different levels of development and historical legacies among Latin American countries has affected how populism manifested itself in the region. Some countries have had more authoritarian populist regimes, and others more democratic ones, some populist governments have been more to the right, others to the left; many have shown a mixture of all these characteristics. It is this very adaptability and heterogeneity which is one of the features distinguishing it from more conventional political categories, such as socialism or democracy.

There are a number of reasons for this. The heterogeneity described reveals contradictions and conflicts in the literature on populism which it does

¹⁰ See Canovan, 1999 for an examination of the emergence of right-wing populism in Western Europe in the latter part of the twentieth-century. An example she gives of this phenomenon is Jean-Marie le Pen, of the *Front Nationale*, in France.

not always resolve. Literature on populism is more subject to the whims of the analyst and the academic *zeitgeist* of the time than other literatures on say socialism or democracy (Worsley in Ionescu and Gellner 1969 p218; Canovan, 1981 p5 and p12). As Wiles puts it: "To each his own definition of populism according to the academic axe he grinds" (Wiles in Ionescu and Gellner, 1969 p166).

Moreover, the literature on populism is profoundly influenced by a statistical and institutionally fixated form of political science, predominant in the US, which often misses the broader social, economic, cultural and geopolitical picture. These features in the literature can leave large analytical gaps which need to be filled with theory from other more comprehensive literatures. This becomes particularly apparent in the context of the present study. Presidents Fujimori and Chávez have many similarities, yet there are many differences in terms of key areas such as legitimacy, ideology and democracy, which require us to step outside the literature on populism to other literatures looking at these specific areas.

The structure of this chapter is dictated by the search for answers to four basic questions: 1) Why does populism emerge?; 2) What is populism and what are its characteristics?; 3) What kinds of policies do populist governments pursue?; and 4) What consequences does populism have on polities which have had populist experiences? The answers to these four questions provide us with a broad overall structure suitable for the present study. They lead us, however, to other questions, the answers for which need to be sought in other, more universal, literatures.

In sum, while the literature on populism can provide a broad analytical framework to examine both presidencies, gaps are left in a number of important areas. This chapter seeks to pinpoint the weaknesses and strengths in the literature on populism for the purposes of this thesis, and identify other literatures and analysts which can add explanatory power to it.

1.2 Context and Causes of Populism

Let us begin by looking at our first question: Why does populism emerge? The literature on populism provides us with a seemingly clear answer: Populism emerges as a result of crisis. This naturally leads us to another broader question, however: Why do these crises emerge?

Germani (1965) argues that the process of modernisation creates a situation of permanent change which can produce a 'disposable mass' of people, usually from the newly urbanised popular classes which will be prone to support authoritarian leaders and/or movements. These political leaders then facilitate and encourage the mobilisation and participation of the popular classes in the exercise of power. The social changes wrought by modernisation, and the challenges that it posed, created new social difficulties for Latin American society. This made the integration of the marginalised a central feature of populism, whereas their exclusion or subjection was fundamental to authoritarian responses to these challenges (cf O'Donnell, 1979).

A problem with Germani's theories, however, is that while they acknowledge the differences between Latin America and Europe or North America on the one hand, they presuppose that Latin America is aiming towards a similar model of modernity as those developed regions. Laclau (1977) therefore strongly disputes Germani's findings and argues that they are fundamentally flawed due to their being based on the teleological assumptions of modernisation theory. Modernisation theorists, such as Easton (1965), Kuznets (1976) and Rostow (1960) assume that Latin American societies will follow the same evolutionary patterns as the economically advanced nations; a transition from traditional culture, social organisation and political authority to more modern versions (Silva, 1999 p40). Laclau (1977), however, argues that the causes of populism have little to do with a determinate stage of development but rather are linked to a "crisis of the dominant discourse which is in turn part of a more general social crisis" (p175).

A principal reason for the emergence of such crises, according to the literature, is the extreme weakness and ineffectiveness of Latin American democratic institutions. Roberts (1995) for example states that "populism is a perpetual tendency where political institutions are chronically weak"(p.112) and Crabtree (2000) states that populism "is more likely to be found in circumstances where democratic institutions are weak or perform poorly..."(p.164). Furthermore with unstable political environments, exposed dependent economies and abrupt changes in economic policies, Latin America offers a context of structural precariousness prone to crises. Crises therefore regularly occur in the region and can take various forms: economic and social crises; some type of national emergency, such as a war; an institutional or representational failing to deal with such wider crises; or a crisis in the ideological façade of the ruling class brought about by wider crises. Most probably any given crisis will be a combination of most or all of these. Nonetheless, the key element, and the weakest link, in this context of instability, is the role and function of institutions.

What is the role and function of institutions, according to analysts? For Cammack (2000) it is the role of mediation between government and people: when institutions fail to fulfil their function as mediators, we have what he calls "a crisis of institutional mediation", or as Laclau (1977 p175) would have it "a crisis of transformism". Philip (1998) and Roberts (1995) all agree in some way with Cammack's assessment. Philip (1998) states that democratic institutions are often seen by the population as hopelessly corrupt and unable to deal with economic crisis and the breakdown of order, leading the electorate to seek strong executive leadership (p96). Roberts (1995) agrees, stating that populism "surges most strongly in contexts of crisis or profound social transformation, when- pre-existing patterns of authority or institutional referents lose their capacity to structure the political behaviour and identities of popular sectors" (p113). Furthermore, Crabtree (2000) asserts that while crises are the immediate causes of individual populist experiences, each instance of populism reinforces the original context of institutional weakness (p165). Thus populism is not "solely

the consequence of periods of economic and political breakdown...rather populism can live on and indeed become a defining characteristic of a political culture" (ibid.).

What links most of these theories is the acceptance of the centrality of *crisis* itself in the emergence of populism, and the inability of democratic institutions to withstand crisis. The literature on populism, however, fails to satisfactorily explain why these crises occur beyond these references to recurrent economic crises and weak institutions. There is a failure here to place these reasons within a broader context on both the national and international plane. There seems to be conflict over which takes precedence in the creation and handling of these crises: do crises arise primarily and inevitably due to structural changes and inequalities, or do crises arise simply due to human error and mismanagement? In other words the discussion revolves around the precedence of structure or agency in the emergence of populism.

The literature on populism then, fails to provide satisfactory answers to these questions. What it does identify - institutional weaknesses, failures of democracy, economic weaknesses, modernisation processes - point us to wider areas of analysis - to history, international political economy, and theory on democracy. For these reasons it is necessary to go beyond the literature on populism and find further answers in literature relevant to these areas.

1.3 Characteristics of Populism

Our second question then is in effect two questions: What is populism and what are its characteristics? Before attempting to answer them it is important to clarify that in the context of this thesis populism refers specifically and exclusively to Latin American populism. While it has been present in other regions and countries, and while efforts have been made by some analysts, notably Canovan (1981) and Laclau (1977), to synthesise all forms of populism

into a unified concept, this study is only concerned with populism as it manifests itself in Latin America.

Having stated that, the study follows Roberts (1995) in recognising populism as a term which encapsulates a variety of different perspectives. The difficulty with most definitions of populism is that they are either too specific to be universally applicable or too general to have any real explanatory use. Roberts instead provides us with a synthetic definition of populism which unites the different strands of analysis, recognising the validity of each. He identifies four analytical perspectives in the study of populism in the region: 1) the historical/sociological perspective, referring to the works of Germani (1965) and Di Telia (1965), and emphasising the coalitional developmentalist approach; 2) the economic perspective, represented by Dornbusch and Edwards (1991), which identifies populism with expansionist and redistributive economic policies; 3) the ideological perspective, referring to the work of Laclau (1977) specifically referring to ideological discourse based on the 'people'/power bloc dichotomy and; 4) the political perspective, citing Mouzelis (1986) amongst others, which equates populism with vertical mobilisation and bypassing of institutions. Roberts concludes that each of these perspectives on their own cannot adequately describe populism as it is a multidimensional phenomenon, and thus he recommends a synthetic framework based on all four perspectives¹¹. This is the approach adopted in this study, as it is the most comprehensive and inclusive, and is more suitable for examining the wider context of populism as outlined above.

In answer to the second part of the question, rather than populism having characteristics, it could be said to have two main actors, the people and the leader with the resulting relationship between the two being the ultimate defining characteristic of populism.

¹¹ See Roberts (1995) pps.84-89.

'The people' are the source of goodness, possessing the virtues of justice and morality, yet they also suffer, are deprived and oppressed¹² ('the pathos of the little man' as Canovan [1982] terms it). Yet this vision of the people-as-one hides the multiplicity of identities that make up the 'people'. The real identity of the 'people' is unclear, as the term can both be specific and vague, inclusive and exclusive, "empty of precise meaning and full of rhetorical resonance" (Canovan, 1981 p.286).

The people could be said to be those who support populist leaders. Most analysts identify populist support coming from within the 'masses'. This normally includes working class groups, such as organised labour associations and marginalised rural-urban migrants, often unintegrated into the labour force¹³. Recent studies of populism particularly emphasise the support of marginalised groups¹⁴. Yet currently in many Latin American countries the 'marginalised' are in fact the majority in the country. In sum, there is an "internal diversity of populism's 'disposable mass' and...cross-national variations in its composition" (Dix, 1985 p.38).

In effect the 'people' are defined through the discourse of the leader. Populist leaders are often drawn by analysts as strong, charismatic, and paternalistic *macho* men, with an autocratic, authoritarian bent, who present themselves as honest and wilful, determined to guarantee the fulfilment of the people's wishes¹⁵. These men, according to this view, are more interested in the ends, in results, and not too concerned about procedures or rules which may inhibit their being able to achieve them. They are seen as 'outsiders', part of, but estranged from elites but unhappy with elite policies and customs. Of course as

¹² See Torres Ballesteros, (1987 p.171) and Wiles in Ionescu and Gellner (1969 p. 166).

¹³ Di Tella (1965); Germani (1965); Stein (1980) amongst others. Hennessey (1969) notes this phenomenon as of crucial importance to the development of populism (p.31)

¹⁴ Weyland (1996) for example, states that the main source of support for 'neopopulist' movements come from marginalised non-organised groups.

¹⁵ See Stein (1980). Canovan (1981) cites a quote from Peron illustrating this point: "If my government is to have merit it must interpret completely the wishes of my people. I am no more than the servant. My virtue lies in carrying out honestly and correctly the popular will" (p.145)

with many aspects of populism, the leadership can vary depending on the social and political environment from which it's drawn.

Populist leaders main strategic weapon for a populist politician to gain power is to appeal to the people, over the heads of established institutions and intermediary organisations in an antagonistic, direct, personalised manner. These appeals invariably occur, as we have seen above, at times of crises, be that a general social/economic crisis and/or a related institutional crisis¹⁶. Their objective is to isolate the established institutions in order to establish a direct unmediated relationship between the populist leader and the people.

Analysts are unclear as to what content an appeal to the people may have. Laclau (1977) for example emphasises the popular democratic element, consisting of popular traditions of rebellion, giving these appeals a simultaneous class and democratic character ("the double articulation of political discourse" pp166-173). The appeals are presented in an antagonistic manner, against the status quo¹⁷. Cammack (2000) places appeals to the people firmly within a context of discourse, institutions and structure (see previous section). Panizza (2000) states that the content of an appeal to the people is determined by the definition of the antagonistic relationship between the 'people' and the 'Other' identified by the populist movement (p.188).

Generally speaking, however, information in the literature on how these appeals are made, their content and what relation they may have to other elements in the populist movement is uncertain. What defines them ultimately, however, is ideology but this ideology, like so much in populism can vary.

Up until relatively recently populism was generally accepted as linked to a set of economic policies of a specific nature and orientation. Populism, according

¹⁶ See Cammack (2000 p.154) where he states that appeals to the people arise when there is a crisis of political institutions and political and institutional mediation. See above for a discussion on crises and its role in populism.

¹⁷ Laclau's (1977) definition of populism is "the presentation of popular-democratic interpellations as a synthetic-antagonistic complex with respect to the dominant ideology" (pps. 172-173). Mouzelis (1978) argues that Laclau does not refer to the organizational implications of his theories on populism See Mouzelis (1978 p.10) and see below.

to this school of thought, emphasised growth and redistribution to the detriment of fiscal rectitude, thus ignoring risks of inflation. It followed a policy of Import Substitution Industrialisation (ISI), supporting national industries through high tariff regimes and subsidies, thus protecting internal markets from external competition. It had a nationalist industrial and economic strategy, protecting jobs in local industry and through nationalisation, the control of local raw materials and key industries. By prioritising local industrial growth and social welfare it built cross-class alliances between the domestic industrial classes, the industrial working classes and the bureaucratic and mercantile middle classes. It was interventionist, state-led, and distributivist¹⁸. By following such a strategy, populists sought to advance a 'Third Way' to national development, between capitalism and communism, in order to satisfy demands for social equity and head off threats of socialist revolution (Drake, 1982 p233).

Some, such as Dornbusch and Edwards (1991) or Sachs (1990) condemned these policies as 'fiscally irresponsible', blaming them for the economic crises of the 1980s. Castañeda (1993), however, argues that this point of view is guided more by a prejudice against such policies, which leads critics to group them together despite the widely differing "historical, political and ideological contexts in which those policies were implemented" (p40). Wide variations existed between distinct national populist regimes and populism changed and adapted to local and international demands and trends. Varying policy emphases were to be found depending on the nature of the coalition, the national political culture, and the socio-economic situation of the country with regard to levels of urbanisation and industrialisation. Different currents could be found within the same movement, be they corporatist, redistributive, democratic, authoritarian, technocratic etc., and naturally this could vary from country to country (Drake, 1982 p234).

In effect many of these measures were not unusual in the international

¹⁸ See Dornbusch and Edwards (eds.) (1991); Cardoso and Faletto (1979); O'Donnell (1979)

context of the time, where apparently successful state-centred development was to be found in Italy and Germany in the 1930's and in the Soviet Union right up to the 1960's, and in Western Europe there was a general post-war consensus on the benefits of state intervention and the corporatist, dirigiste state (Cammack, 2000 p.156). Socio-economic policies were not uniform therefore, nor were these particular policies specific to populist regimes, and as such cannot be taken in isolation as indicative of populism, nor as the sole cause of the crises of the 1980's.

Furthermore, the re-emergence of populist, or neopopulist, regimes in the late 1980's and in the 1990's, often in tandem with neoliberal restructuring policies, forced analysts to reconsider this orthodox view of populism. Neoliberal restructuring policies were, it was said, incompatible with traditional or classical populist economic policy, yet it was clear that this new breed of leader in Latin America, such as Fujimori in Peru, Collor in Brazil, and Menem in Argentina, amongst others, were using populist strategies to achieve and maintain power. Weyland (1996) argued that populism, or 'neopopulism' as he termed this new phase, had certain underlying affinities with neoliberalism¹⁹.

It can also be argued that as 'classical' populism was as much a product of a conducive state-led international political economy context, so contemporary populism is a product of a globalised neoliberal age. Populism as a political system cannot be identified with a specific set of economic policies but must be seen in the context of international economic norms, and must be set within a wider socio-political and geopolitical context. As Roberts (1995) points out "[populism's] multiple expressions allow it to survive, and even thrive, in a

¹⁹ These were: a reliance on unorganized largely poor informal groups and an adversarial relation to organized groups, such as unions and the political class; a strongly top-down approach and strong state to effect economic reform and boost the position of a strong leader; and distribution of costs through restructuring to organized sectors and benefits, and benefits to informal sectors through the end of hyperinflation and targeted welfare programmes. See Weyland (1996).

variety of economic and political situations (...) [it] is a recurrent feature of Latin American politics"²⁰.

Nonetheless, populism must also be seen within the context of the consistent demands from the population, and those who vote for populist leaders, for increased economic, social and political participation. Both these constants are the parameters within which populist leaders must design and execute their policies.

It is these central facts which can determine the characteristics of specific populist regimes. Differing ideological outlooks can give distinctly different flavours to different populist regimes, as is the case with Fujimori and Chávez as we will see. For this reason it is necessary to go beyond the literature on populism to analyse the influence and effect of ideology on specific regimes.

Furthermore, populist regimes are often accused of being authoritarian, because of their supposed disregard for institutions, and often the rule of law, and their emphasis on personalism, centred on the figure of the president. Populist emphasis on elections, and the absence of explicit curtailments on democratic rights, such as of association and expression, however, cannot serve to disqualify it as entirely authoritarian. As Canovan (1999) warns "we need to think seriously about the populist claim to democratic legitimacy" (pps.6-7). Simply dismissing some populist regimes as 'dictatorial' cannot annul these governments' popular mandate. Power, ultimately, is dependent on people's needs and expectations being satisfied, and this can be both on a material and on an ideological level; on social goods being received and on an 'experience of participation', as Germani (1965) puts it, being felt by the followers of the leader. For these reasons this study goes beyond the literature on populism to explore writings on legitimacy, ideology and democracy, to attempt to characterise both

²⁰ Roberts (1995, p. 112). Roberts identifies as a core property of populism: "an economic project that utilizes widespread redistributive or clientelistic methods to create a material foundation for popular sector support" (p.88).

regimes and seek explanations for the similarities and differences found between the two.

1.4 Consequences of Populism

As noted earlier, there is little investigation into the consequences and impact of populism on the societies that have experienced it. Generally speaking analysts identify some positive aspects, namely popular participation and, more commonly, negative impacts such as a failure to tackle structural inequalities, thus failing to implement real change, and on institutions and institutionalisation.

On the positive side a number of analysts note that at the very least populism encourages the participation of the popular sectors in societies' structures and institutions, thus dissipating the meekness of those classes and encouraging their assertiveness (See for example Germani, 1965; Lynch, 2000; Stein 1980 p14; Torres Ballesteros ,1987 p177). Amongst the gains made by these sectors were increased democratic rights, unionisation, industrialisation and welfare reform, the latter primarily benefiting the industrial working class and middle classes (Drake, 1982 p241). Furthermore, Conniff (1982) argues that populism particularly encouraged a new cultural awareness among the masses, and a revival of interest in indigenous cultures (p20).

On the whole, however, analysts see populism as a negative phenomenon. Although some recognise that populism brought the masses into the political life of Latin America, this participation is not seen as genuine or thorough, but rather a pseudo-participation which ultimately perpetuates the inequality and exploitation characteristic of the region. Real structural change is shied away from and deferred, so that the root causes of populism (social inequality, poverty and political exclusion) remain intact. Representative institutions are weakened, thus exerting central control over popular participation, discouraging group autonomy, and reinforcing the political context which can lead to a re-emergence of new populist movements and regimes. Thus a consequence of populism is populism itself (ibid., pp 14-15; Crabtree,

2000 p176). Brasser Pereira et al. (1993, cited in Philip, 1998, p94) argues that this institutional weakening personalises politics and generates a climate where politics is reduced to fixes; the political culture therefore becomes one of short-termism and politicians of all persuasions are expected to deliver quick-fix solutions to complex problems. This, it is argued, can only damage even further the chances for democratic development and long term economic improvement.

In assessing these arguments, however, one must return to previous discussions in this chapter about the origins and causes of populism. If for example, weak institutions are a structural feature of Latin American political and social life, how much can populism be blamed for weakening institutions? Philip (1998 p94) comments for example, with reference to Brasser Pereira's observation on the short-termism of populist policies cited above, that the latter does not take account of the general state of politics in Latin America which generally tends towards short-termism. Furthermore with regard to populism's inability to deliver on structural reform, is this due to the inability of populist leaders, or to strong resistance on the part of vested interests against such reform, or both? Structural change in Latin America has been fiercely resisted on a number of occasions by a variety of groups, often receiving outside support. One need look no further than the coup against President Allende in Chile in 1973, or the long war against the Sandinistas of Nicaragua in the 1980's, for proof of resistance to structural change on the part of powerful national and international interests. Finally institutional weakness not only can give rise to populism, but also to authoritarianism in Latin America. Ultimately in order to shed further light on these questions it is necessary to go beyond the literature on populism to areas such as international political economy, democracy, legitimacy and ideology to discuss it properly.

1.5 Populism as an analytic framework

The above discussion can provide us therefore with the following basic framework based on the four guiding questions to structure this study's enquiries.

Table 1.1: Analytic Framework

Context and Causes	a. context of institutional weakness b. generalised crises
Characteristics	a. authoritarian, charismatic leaders b. the 'people' c. appeals to the people
Consequences	a. increased participation of popular sectors in social, economic and political life of country b. deinstitutionalisation of state and society

Populism, however, is a multi-dimensional phenomenon subject to transnational and transtemporal variations. While the literature on populism can provide a basic analytical framework from which to investigate the presidencies of Fujimori and Chávez, the multi-dimensional nature of the subject matter requires further study in other literatures in the following key areas.

The literature on populism identifies the context for populism's emergence in the process of modernisation and urbanisation which has been taking place in the region almost continuously throughout the last century until the present day. It helps us locate the more immediate causes for populism in crises and a weak institutionality. The literature, however, fails to explain adequately why these institutions are so weak and vulnerable to crises and why crises occur so frequently in the region. For the purposes of this study therefore it is necessary to study literature in the areas of legitimacy, history, and international political economy to find answers to these questions.

The literature on populism also helps us identify the chief actors in most populist movements: a large amorphous mass of supporters identified generically

as the 'people' and strong, charismatic leaders. The relationship between these two actors is the basis of the populist experience. This relationship is established primarily through direct unmediated appeals to the people bypassing established institutions and using antagonistic rhetoric. The specific identity of the 'people', however, is subject to variables dictated by the peculiar socio-economic and political situation of individual countries, and the ideology of the populist movements being studied. The nature, content, and object of populist discourse are subject to similar variables. Populism, therefore, cannot be identified with one specific ideology. While the literature, specifically Laclau, (1977) provides us with clues as to why this is so it generally fails to provide a more comprehensive answer to this problem. Once again it is necessary to go further to seek those answers, most specifically in literature on ideology and hegemony.

A further question stems from the fact that many populist regimes are dismissed by most analysts writing on populism as authoritarian, despite having sought political legitimacy at the ballot box, and having high levels of credibility amongst the majority of the population. Consequently, for the purposes of the present study it is necessary to seek answers in literatures on democracy and democratic legitimacy to explain and compare more thoroughly the characteristics of the Fujimori and Chávez regime.

Finally with regard to the consequences of populism while the literature identifies as a positive impact increased participation for the popular sectors, in general the effects of populism are negative in terms of institutionality and the furtherance of democracy. These assertions, however, need to be placed in a wider context of the meaning of democracy and the role of ideology in order to adequately answer the question. The next section will examine in more detail which analysts and literatures will help us find those answers and why.

The role of Democracy, Legitimacy and International Political Economy in the concept of populism

In this section we will look once again at the four C's, recapping on the gaps left by the literature on populism in providing answers to these questions and identifying specific analysts or literatures to fill those gaps.

Context and Causes of Populism

In our previous discussion we identified the direct context of populism in the processes of modernisation which took place in Latin America in the twentieth century. Crises emerged from these processes which created the conditions from which populist leaders and movements came to power. The literature left identified modernisation processes (Germani, 1965), and weak institutions (Roberts, 1995; Crabtree, 2000) as the reasons for the emergence of these crises. It failed, however, to provide answers to deeper questions such as the reasons for the failure of democracy in the region, and its attendant institutions. There is a marked failure to examine closely the historical context, on a national and international level, in which populist experiences emerge. Yet these contexts are crucial to understanding that process, but also populist regimes' nature and ideological tenor.

In this study's two cases we find two populist governments emerging almost contemporaneously, using quite similar methods to gain and maintain power, with strong personalist leaders at the core of each movement, but with almost diametrically opposed ideological make-ups. It is a central argument in the thesis that the reasons for this apparent dichotomy are found in the historical contexts of both countries interacting with the broader international context. For this reason I review a broad variety of historical and sociological writings on both countries to help place these leaders firmly within their historical contexts, to draw out differences and similarities between each national experience and thus the broader contextual reasons for their emergence. By doing so we can seek the deeper structural reasons for the weaknesses in the national polities, particularly around the key issues of class and race, which lead to crises and thus

creating the conditions for the emergence of each leader. Furthermore I place both governments firmly within the context of globalisation, identifying it as an ever present subtext to each governments policies.

The literature on populism does show that crises in the region are linked to global economic crises or structural change, but their manifestations are local and particular to the region, its states, and their particular historical trajectories. Functionalist theories in particular, such as those of Germani (1965), Di Tella (1965) and Ianni (1976) show us how in the context of Latin America the historical exclusion of the dominated sectors, based on class, the dependent capitalist situations of states in the region, and the fractures and instabilities which result from these conditions contribute to a situation conducive to crises. It is important therefore to pay attention to this historical context.

When we examine Latin American history we see that democracy has had great difficulty in establishing itself, despite Latin America being considered by elites in the region as firmly within western political and cultural traditions. This points to a failure on the part of these elites to acknowledge the peculiar historical trajectory of the region which has created a unique environment which may not be conducive to a traditional western style liberal democracy. Liberal Democracy in Latin America as it has been practised over the twentieth century, could be said indeed to lack legitimacy, despite the idea of democracy finding qualified favour with most Latin Americans (UNDP, 2004).

Habermas (1976) argues that advanced capitalist democracies, although based on class exploitation, maintain legitimacy as there is sufficient spreading of material and motivational rewards to achieve mass loyalty. Crises in this way are avoided by spreading costs throughout a plethora of weaker groups. This balancing act, and access to sufficient resources, ensures the survival of democracy despite its deficiencies in terms of participation. It is further bolstered by a widely diffused ideological outlook based on privatism - that is private pursuit of public goods, such as careers, leisure etc. - and competition.

Habermas' model used comparatively can help show us why Latin American democracies fail. Essentially, while mass political participation is, nowadays at least, the norm in Latin America, these democracies fail to provide the sufficient material resources for an adequate number of people to ensure the mass loyalty which democracy requires to survive. For this reason, while Latin Americans may favour democracy in theory they are nonetheless prepared to abandon it in order to have their material needs satisfied. Participation therefore must go beyond the political sphere and include also the economic, social and cultural levels in any democratic society.

Here Latin America faces a number of further barriers. Looking specifically at the cases of Peru and Venezuela we find historically rooted social fractures based on the intertwined fissures of class and race. These fundamental cleavages are the deciding factors on access to employment, for instance. The lack of employment, and huge underemployment, leaves large groups - mostly indigenous or black in the cases of Peru and Venezuela - outside the formal economy. Inequitable and inefficient tax systems prevent the formulation and execution of policies to benefit the majority. Cultural differences, coupled with the lack of material rewards discourage the spreading of capitalist social norms of competition and private endeavour, causing a 'motivation crisis'. The absence of these factors leaves these democracies prone to a greater degree of systemic crises, as was seen in the 1980s in both states, and hence to the emergence of strong personalist leaders in the form of Fujimori and Chávez in the 1990s.

Habermas' theory of legitimation crises therefore provides us with a pertinent comparative model by which we can compare our two case studies with advanced capitalist democracies found in Europe. It also provides the study with a structure by which we can examine the level of participation in each sphere of society - social, economic, cultural - to seek reasons as to why Fujimori and Chávez achieved the legitimacy denied their 'democratic' predecessors.

Dependency theory can also aid us in our examination of this lack of legitimacy. Cardoso and Faletto (1979) characterised the economy of the Latin

American region as being basically dependent on the export of raw materials to the advanced, or core capitalist economies in exchange for capital and manufactured goods. This economic dependence coupled with the social cleavages identified above on class and race provide the basic context in both countries in which decision-making on access to economic, social, political and cultural participation is made. Modernisation processes brought improvements in these areas for many but also sharpened inequalities, particularly economic inequality in many societies. This prompted demands for a deepening of this move to greater participation to eradicate these inequalities. Yet structural change on a global level led to debt crises and retraction rather than expansion of such participation. The result was crises in both countries - systemic crises leading to legitimisation crises and the emergence of anti-systemic leaders who capitalised on the historical cleavages in both societies and the stagnation and lack of legitimacy of the existing political regimes.

Characteristics of Populism

The literature on populism identifies the chief characteristics of populist regimes as authoritarian, charismatic leaders who use the concept of the 'people' as central to their strategies to gain and maintain power. There is, however, a lack of clarity around these essential elements of populism. There is no decisive definition of the people, the nature and content of the appeals to the people is not sufficiently explained, and the role of ideology is unclear given the wide heterogeneity of populist projects.

Laclau (1977) identifies discourse as central to the appeals to the people used by populist leaders to gain and maintain power. He identifies these appeals as essentially antagonistic to the status quo, and explains the diversity of populist regimes by populism's ability to articulate itself to a variety of ideologies or hybrids thereof. This conception, however, is either contradictory to much other thinking on populism (Mouzelis, 1978), or remains unexplored as few

analysts on populism provide adequate alternative explanations to these questions.

It was Laclau himself, along with Chantal Mouffe (2001) who explored these concepts more deeply in their discussions on the nature of modern democracy. Laclau and Mouffe (2001) expand on the concept of antagonism as a strategy to achieve power, by unifying through discourse the different negative currents against the status quo. Furthermore they base their discussions on Gramsci's (1977) theories of hegemony.

Populist literature shows us that populists gain power through the legal (e.g. elections), the barely legal (ruling by decree) and the illegal (coups). These strategies can be conceptualised effectively by Gramsci's theories of 'war of manoeuvre' and 'war of position' as two parts of an overall strategy to achieve hegemony. The 'war of manoeuvre' is a strategy to capture the institutions of state by a swift campaign of almost military precision. The 'war of position' is a more subtle, and longer, strategy establishing consent from the people by winning their hearts and minds. Gramsci thus can provide the study with a comprehensive and universal theoretical structure to help explain how Chávez and Fujimori gained and maintained power.

Laclau and Mouffe (2001), however, point to a further dimension of populism which is at the core of questioning around it. Many if not most analysts recognise that populism and democracy are deeply intertwined. Laclau and Mouffe point out that the power strategies discussed above can lead to a 'logic of democracy' or a 'logic of totalitarianism' - to democracy or authoritarianism. Analysts on populism point out, however, that populism can sometimes lead to an uneasy balance between the two. Dix (1985), Germani (1965), Roberts (2001), amongst others, point to these conflicting currents of authoritarianism and democracy within populism. Canovan (1999) indeed claims that populism is democracy's shadow. Moreover, most analysis in the literature on populism agrees that populism is ultimately harmful for democracy. Conniff (1982), Crabtree (2000), Roberts (2000) amongst others argue that populism damages

democratic institutions and inhibits or retards democratic development in Latin America, precisely because of the authoritarian personalism of populist leaders. This dictates a widening of the debate to embrace conceptions of democracy which will be discussed more fully in the following section.

Consequences of populism

A difficulty in the argument outlined above, however, is that it is not entirely clear as to what is considered to be democracy. There is a generally agreed recognition that genuine democracy must have popular participation and strong institutions. Popular participation in populism is regarded as being mere "pseudo-participation" (Conniff, 1982: 14-15) although it is also found to be weak in actually existing democracies. Democratic institutions, while recognised as weak are rarely analysed critically - despite their extremely low credibility amongst Latin Americans (Ellner, 2002; UNDP, 2004). Yet contradictorily many populist regimes bequeathed strong lasting institutions with strong levels of popular participation, such as trade unions and political parties.

Clearly then in any discussion on populism the nature of democracy and the effectiveness of democratic institutions are fundamental questions. For this reason this thesis considers in various chapters these two questions, using classic conceptions of democracy such as Dahl (1989) and more radical viewpoints such as Rueschemeyer et al. (1992) to measure the relative democratic and authoritarian balance within both case studies. I also examine more generally the global state of present day democracy referring to Nabulsi (2004) and Jacques (2004) and in Latin America itself (UNDP, 2004) to assess both case studies within a broader international and regional context. By providing this broader context these studies help us compare both cases within the current global situation.

Conclusion

The main aim of this chapter was to review the literature on populism in order to create a theoretical framework for an examination of the two case studies. By identifying through the literature the causes, characteristics and consequence of populism, I've attempted to fulfil this aim. This review, however, has also served to highlight a number of failings in the analysis of populism.

Firstly, much has been made of the difficulties in reaching agreement on conceptual definitions of populism, and the quest for this definition has resulted in studies which, while offering many similarities, have also given us a rich and varied discursive literature from which to draw on. These disagreements centre mostly on the relationship of populism to ideology and to democracy.

One failing in the literature is the emphasis on defining populism to the neglect of researching its origins, causes, and impact. By concentrating on the nature of populism, analysts sometimes lose sight of the bigger picture, blaming populism for many ills afflicting the region, which have their origins in more permanent structural difficulties affecting the region's economies and societies. A review of the wider geopolitical context, specifically on globalisation, and on the specific historical context of each country of our case studies will help us to remedy that failing in the literature. Furthermore, Habermas (1976) can aid us by explaining through his theory of legitimation crisis how it is that advanced democracies can maintain mass loyalty. By studying Habermas (1976) we learn the importance of limited participation on all levels of national life - political, social, economic and cultural - for the survival of democracy, and thus its failure in Latin America and the consequent emergence of populism.

In general there is a lack of clarity in the literature on the reasons for populism's heterogeneity. Whilst this diversity is recognised there is puzzlement as to how this came about. Only Laclau (1977) offers a credible solution to this problem through his theory on articulation, but this solution is not discussed further within the literature on populism. It is necessary therefore to step outside the literature of populism to examine Laclau's source literature in the writings on

Gramsci (1971), and further explorations on the subject of ideological articulation and antagonism in those of Laclau and Mouffe (2001) and Laclau (2002).

Another central factor in explaining populism is its relation to democracy. This is explored, mostly negatively, by the literature on populism, but there is an over concentration on the centrality of institutions to the detriment of participation. Many populist regimes, such as those of Fujimori and Chávez, compromise democratic institutionality to a greater or less degree but gain legitimacy through the provision of an 'experience of participation' as Germani (1965) puts it, in most of the sphere's presented by Habermas (1976). In the case of this study therefore there is a placing of this discussion within a broader discussion on the nature of democracy itself.

Finally, the literature on populism, by concentrating on specific regimes or on comparative studies within the region, often neglects the wider international context to help explain why some populist regimes adopt specific ideologies or policies. It is for this reason that this thesis is framed within a wider discussion on globalisation to help explain why it is that at the end of the twentieth century two regimes of undeniable similarities could differ so widely in their attitudes to neoliberalism.

In sum, though both Fujimori and Chávez have been widely described as populists, the existing literature on populism is inadequate to provide a convincing analysis of their emergence as political leaders, the differences in their ideologies and their styles of governing. A closer examination of these two presidents, using a framework provided by a synthesis of the framework on populism and of these other literatures discussed above, should allow a better explanation of the emergence, ideology and mode of governance of Presidents Fujimori and Chávez. Therefore taking this into account a revised version of the framework in Table A would look somewhat like this.

Table 1.2: Populism in a wider theoretical context

Question	Literature on populism	Other literatures
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Context and Causes	<ul style="list-style-type: none"> • context of institutional weakness • generalised crises 	<ul style="list-style-type: none"> • historical context (various) • legitimacy (Habermas, 1976)
Characteristics	<ul style="list-style-type: none"> • authoritarian, charismatic leaders • the 'people' • appeals to the people 	<ul style="list-style-type: none"> • ideology (Laclau and Mouffe, 2001) • hegemony (Gramsci, 1977) • democracy (various)
Consequences	<ul style="list-style-type: none"> • increased popular participation • deinstitutionalisation of state and society 	<ul style="list-style-type: none"> • globalisation (various) • democracy (various)

In the following chapter therefore I will begin this process by looking at the regional and national structural contexts and causes for the emergence of Fujimori and Chávez.

2 CHAPTER 2: Structural fractures, Crises, the State and the Emergence of Fujimori and Chávez

2.1 Introduction

One of the main elements identified as a cause of populism in the previous chapter was crisis. In this chapter I will examine not just the role of crisis in the emergence of populism, but also the wider context in which crisis emerges. The central argument put forward here is that historical structural fractures create the conditions which favour the occurrence of crises, leading to gaps between people and government which can then be filled by populist-type leaders, such as Presidents Fujimori and Chávez. These structural fractures have developed particularly along racial and/or ethnic and class lines, providing the underlying patterns which define social inequality, and influence access to State power and resources. Despite a common origin for these fractures in the colonial and early republican experiences of both countries, they have manifested themselves in distinct ways due to their differing historical trajectories, with Venezuela showing greater levels of cultural, economic and political integration than Peru. Nonetheless the results have been similar insofar as both societies have been unable to develop sufficiently robust democratic institutions to avoid and withstand crises.

In the chapter I will firstly provide an analysis of crisis in the literature on populism, referring to writers such as Germani (1965), Di Tella (1965), Ianni (1973), Laclau (1977), Canovan (1981) and Cammack (2000). I will then briefly summarise Habermas' theory of "legitimation crisis", using it as a comparative framework to show how the Peruvian and Venezuelan states failed to secure legitimation as required by the Habermas model. I will then analyse the historical construction and nature of the fractures identified in both countries, paying particular attention to those in the socio-cultural area. I will show in this section how ultimately the Peruvian and Venezuelan States could not execute the policies needed to avoid crises, leading to the emergence of the two leaders in

their respective countries. It will illustrate the inability of successive governments in both countries to avoid chaos and thus ensure legitimacy for their respective systems.

2.2 *The role of crisis in the emergence of populism*

Most analysts are agreed that crisis plays a leading role in the emergence of populist regimes. Crises in global capitalism make demands on individual states to introduce new systems of capitalist accumulation which are in line with changes in the global capitalist system. 'Classic' populism was said to be the result of the global crisis in capitalism which began with the Wall Street Crash of 1929, leading to a greater emphasis on national industrialisation and substitution of imports in Latin America. 'Neopopulism' is seen as a type of populism more congruent with neoliberalism, brought on by the crisis in Keynesian economics. These crises provide the context in which new systems of capital accumulation can be introduced into national economies.

Two schools of thought, however, exist to explain the effect of these crises. On the one hand the 'functionalist' theory of populism, as represented by Germani (1965), Di Telia (1965) and Ianni (1973), argue that crisis leads to a process of accelerated modernisation, with industrialisation and massification of a previously rural population leading to increased demands for participation, and thus to populism. On the other hand Laclau (1977/2002) argues that crisis leads to difficulties for existing systems to cope with popular demands, leading to a hegemonic power strategy based on discourse of a class or class fraction against the status quo. Differences between the two perspectives, however, seem less to do with the role of crisis in the emergence of populism, and more with their particular conceptions of populism, as both perspectives concentrate on different elements which help explain the emergence of populism.

"Functionalists" see these crises as part of a process of transition from dependent capitalism to an "advanced" capitalism. Ianni (1973) for example locates the emergence of populism in Latin America at the point when oligarchic

liberalism failed to reconcile the demands of international capitalism with those of the national societies of countries in the region for more participation and economic and social equity in their countries. Germani (1965) saw this process as a transition from traditional to "modern" societies and as such inherently conflictive: "Our epoch is essentially one of transition...Typical of transition is the coexistence of social forms which belong to different epochs, giving a particularly conflictive character to the process which is inevitably experienced as a crisis, as it implies a continuous rupture with the past" (pp69-70). The functionalist view sees this process as linked to the expansion of rights and participation of the popular classes in the affairs of the state, and modernisation to increased industrialisation and expanded national markets.

Other analysts object to this thesis because it is too dependent on paradigmatic models and teleological processes which explain more about the models than the actual phenomenon of populism. Populism is not linked to one particular development model nor is it confined to one particular historical conjuncture. Laclau (1977) locates the emergence of populism within class structures, and specifically links it "to the emergence of [...] a crisis of the dominant ideological discourse which is in turn part of a more general social crisis" (p175). This crisis can be a hegemonic struggle between classes or class fractions or what he terms a "crisis of transformism", that is an inability of the system to neutralise the dominated sectors. Most probably a true historical crisis would have elements of both. "What should be clear, however, " he warns, "is that the 'causes' of populism have little to do with a determinate *stage of development*, as functionalist theses suppose" (ibid.).

Cammack (2000) further reinforces Laclau's arguments by identifying the moment of populist emergence as "when significant deep structural change is taking place in patterns of accumulation (at a global and local level) and existing social and political institutions are failing [...] to cope" in other words Laclau's "crisis of transformism" (p154). The emergence of populism is therefore, according to this view, linked to crises in capitalism and "capitalist accumulation"

but is not identified with one type of political or economic project, be it neoliberal or state-led development models.

Mouzelis (1978), however, qualifies Laclau's dismissal of "functionalist" theories as a bit "harsh" (p54). While he agrees with Laclau that these analysts' 'tradition-modernity' dichotomy is misleading in general, and that populism should not be linked only to an ISI model or third world underdevelopment, he nonetheless affirms the great value of their theories within the context of Latin American populism as a distinct area of study in it's own right. Indeed it is their very contextual insertion which makes them "less vacuous than Laclau's own" theories (ibid.).

Germani and Di Telia ask a very pertinent question, Mouzelis asserts: Why does populism occur more frequently in peripheral capitalist social formations? He argues that "functionalist" theories can be taken independently from their teleological context. The rapid entry of rural and urban working people into politics in Latin America can be explained by the different ways capitalism developed in Europe and Latin America. The form of political mobilisation brought about by capitalism in Latin America can account for the paternalistic/'plebicitary' leadership, rather than the highly developed party administration found in Western European countries. Indeed Mouzelis argues that Laclau "manages the remarkable feat of developing a theory of populism without dealing at all seriously with the concept of political mobilisation" (ibid. p55). Nonetheless, Mouzelis himself fails to supply reasons as to why capitalism has developed in this manner in Latin America. We need to seek reasons for this within the historical context of the region specifically the failure of successive governments to provide the majorities of the region with the participation necessary to achieve legitimacy.

Laclau includes fascism and Nazism as political ideologies with populist content, but Canovan (1981 p150) and Germani (1965 p159) both reject these movements as populist due to their essentially anti-democratic nature. Cammack (2000) and others identify Fujimori as "neopopulist" but he too is deemed

authoritarian by a number of analysts due to his essentially anti-democratic nature (Cotier and Grompone, 2000; Lynch 2000). Populism, even sometimes at its most authoritarian, can have a democratic orientation in that it attempts to provide at some level an "experience of participation" for the popular classes as identified by Germani (1965 pp159-161). The historical exclusion of the dominated sectors from Latin American societies, which has become a central element of struggle in the region, the dependent capitalist situation of Latin American states, and the resultant fractures and instabilities which characterise the region's political economies, are precisely the elements which differentiate crises and the demands that they create in the region from those in Western Europe and North America, which are governed by the logic of advanced capitalism.

The main lesson of functionalist theory is its attention to social, economic and political contexts from which populist regimes emerge, which can be examined independently of the teleological aspects of the theory. Mouzelis criticises Laclau because his argument is deductive rather than contextual, and therefore 'vacuous' and argues that "functionalist theory can be 'disarticulated' from the tradition/modernity neo-evolutionist discourse and 're-articulated' into a mode-of-production discourse"(Mouzelis, 1978 p54). However, Laclau (1977) by drawing our attention to ideological discourse in the context of hegemony gives us valuable tools to help understand the rise and establishment of populist regimes.

This chapter will take a functionalist approach in examining the role of crises of modernisation strategies in the *emergence* of the Chávez and Fujimori in their respective countries. Chapter 3 will follow a more 'ideological discourse' approach in examining the establishment of *hegemony* by both presidents. Overall, however, the study has found Laclau's theory most useful in explaining how populism can show such wide variations in ideology, through the process of

articulation. Chapter 3 and the Conclusion will elaborate on these issues further.

The next section will look firstly, however, at the role of legitimacy in democracies, by using Habermas' theory of legitimation crisis to compare advanced capitalist countries and Latin American states. The section will show that some Latin American states, in this case Peru and Venezuela, failed to secure legitimacy due to the deep social faultlines in the region which reinforce inequality, and which remain unhealed by democracy.

2.3 *Habermas' Theory of Advanced Capitalism and Legitimation Crisis*

Why is it that advanced capitalist countries can successfully withstand crises without losing mass support whereas developing countries such as Peru and Venezuela can face comprehensive systems crises as a result of external economic shocks? According to Habermas (1976), advanced capitalist societies are characterised by economic, administrative and legitimation systems. The State not only guarantees the general conditions of production but also is actively engaged in it and so must seek legitimation. It does this through a system of "formal democracy" which ensures "diffuse mass loyalty" (ibid.). This is achieved essentially through a class compromise in wages and in the scattering of the negative effects of capitalism over quasi-groups, such as consumers, schoolchildren, the sick and so on: "Everyone at the same time is both a participant and a victim" (ibid. p39). Formal democracy is therefore crucial in advanced capitalist societies as the mechanism by which class-consciousness is diffused, legitimation from the population is achieved and crises are either avoided or displaced.

Advanced capitalist societies, according to Habermas may face crisis in certain specified situations on three levels: economic, administrative (political) and socio-cultural. On an economic level they may face crisis if they fail to provide the requisite quantity of consumable values, that is by failing to raise productivity, regulate wage levels and ensure mass loyalty to the system. On an administrative level an advanced capitalist state may face crisis, if it fails to raise

taxes and distribute them effectively to benefit the majority of citizens in such a way as to ensure mass loyalty, in other words to produce the requisite quantity of rational decisions. A legitimization crisis may take place when the system does not provide enough "generalised motivations". The chief motivation in advanced capitalist societies is that relating to civil and familial-vocational privatism - that is interests in consumption, leisure and careers which correspond to the concepts of competition and achievement. The provision of the wherewithal to satisfy these interests is sufficient to avoid a serious motivation crisis amongst the bulk of the population. If the system cannot provide these rewards, however, this motivation crisis can then lead to a legitimization crisis. "A legitimization crisis arises as soon as demands for such rewards rise faster than the available quantity of value, or when expectations arise that cannot be satisfied with such rewards" (ibid. p73).

Advanced capitalist societies are based on a pseudo-consensus formed from rationally discussed "generalisable interests" or "needs that can be communicatively shared" but are not separate argumentatively from those "that are and remain particular" (ibid. p108). They are ruled by "justifiable norms", that is norms that are communicable and based on a "rational consensus" rather than on force (ibid. p111). Ultimately the citizen expects the political system to prevent chaos and thus meaninglessness (ibid. p118). In general Habermas maintains that advanced capitalist societies provide this security thus allowing him to assert that "a system crisis is not to be expected in advanced capitalism" (ibid. p92). Crises will occur but they can normally be dealt with by spreading the costs, adjusting them in one area to compensate for deficiencies in another area. Advanced capitalist societies are still based on the "exploitation of one class to the advantage of another" but this is ameliorated by an ideologically secured and effective class compromise which ensures the spreading of sufficient material and motivational rewards to achieve mass loyalty (ibid.).

In this chapter I will show that both in Peru and Venezuela historically formed social structures have created severe fractures in the body politic of

these countries. These fractures inhibit the generation of "generalisable interests" and the "pseudo-consensus" necessary to provide the stability to develop efficient legitimisation systems. They affect the economic, administrative (political) and socio-cultural levels fundamental to Habermas' theory, negating the possibility of Peru and Venezuela developing along advanced capitalist lines. On an economic level Peru and to a lesser extent Venezuela failed to integrate the majorities into the system, leaving large groups of people outside formal employment as unemployed or underemployed. Similarly on an administrative level only a minority is integrated into the taxation system, which is largely inequitable, thus limiting the State's ability to raise sufficient revenue to finance rational policies which could benefit the majority of citizens. Finally on a socio-cultural level the required material rewards and motivations, such as consumption, leisure and career motivations, cannot be provided by the State for the majority of its citizens, partially due to a lack of resources, but also because of communicational difficulties due to cultural difference. The result of all these factors is the greater exposure and vulnerability of these states to system crises.

Despite important differences both countries have had more, and longer, periods of mostly military authoritarian government since independence than democratic government, thus inhibiting the possibility of the realisation of "justifiable norms" that require "rational consensus" rather than force²¹. More recently, in the 1980's and 1990's both countries faced large-scale system crises which resulted in mass alienation rather than the mass loyalty required in the Habermasian model. The result of this mass alienation was the emergence of strong personalist leaders with a discourse based on the extension of democracy to the popular sectors, and parts of the middle sectors, which had felt

²¹ In Peru, since Independence until 1995, 60 % of the country's presidents have been military, ruling for about 100 of its 170 years of independence (Mc Clintock, 1999 p311). In Venezuela according to Myers (1996 p 229) the country had experienced only eight months of civilian elected government during its first century and a quarter of independence (1830-1958). Since 1945 alone there have been around 10 military interventions into political life in Venezuela, the latest being the April, 2002 coup against the Chávez government.

themselves excluded from the economic, social, political and/or cultural life of the country.

To conclude, while Habermas' theory refers exclusively to advanced capitalist societies, it is a useful matrix from which to examine Peruvian and Venezuelan societies; firstly as a comparative model, and secondly as it has relevance for the substantial sectors of society that are integrated into these societies along advanced capitalist lines. The following section will look at the historical conditions of Peru and Venezuela, using the Habermasian model as a framework, to examine and explain the economic and social fractures in both countries which differentiate it from the advanced capitalist society model developed by Habermas. The final two sections will examine more specifically the more immediate historical context which gave rise to both presidents in their respective countries.

2.4 *Structural Fractures in Peru and Venezuela*

2.4.1 Dependency and social cleavages

The economies of Peru and Venezuela are dependent on outside markets for the sale of primary goods and the purchase of manufactured goods and capital equipment with local manufacturing capacity being generally weak.²² This is not to say that there are not differences between both economies, but these are more of scale than substance. For example, the Venezuelan economy is dominated by oil to a much greater degree than one single product dominates the Peruvian economy. As a result the Peruvian economy is much more diversified than the Venezuelan economy although overall the latter economy is richer. Peru has a more diversified and more developed agricultural industry,

²² In 2001, primary products accounted for 81.4 % of the total value of Peru's FOB exports, while the corresponding figure for Venezuela was 88.8 % (ECLAC, 2003 p81). The US supplies more than one-third of Venezuela's food imports, and Venezuela is the fourth largest supplier of oil to the US (US Department of State, Venezuela, 2004, no page no.). In 2001, Peru exported 27 % of its goods to the US and imported 30 %. Between 1990-2001 it received US\$1.4 billion in bilateral aid from the US (ibid. Peru).

than Venezuela, for example. Peru exported US\$551 million worth of agricultural, game, forestry and fishing goods in 2000 compared to Venezuela's US\$226.1 million (ECLAC, 2002 p537). However, such dependence on the export of primary products can have a distorting effect on the local economy and society; while products such as asparagus, avocados, coffee and cotton were being exported to the first world, in Peru in 2000 8 % of children were suffering chronic malnutrition and 26.6 % severe malnutrition (PNUD, 2002 p227). Enclave production still exists with the ownership of most mining operations in the hands of foreign multi-nationals, thus providing little added on value to the local economy due to the direct exportation of those products for processing abroad. Gold in its unrefined state for example accounted for 17.1 % of Peruvian exports in 2001 (ECLAC, 2002 p151).

In Venezuela oil has a preponderant role in the country's economy with crude oil or petroleum products accounting for 82 % of all exports from that country in 2001 (ibid. p157). This leaves the country particularly exposed to the vagaries of market pricing, affecting its ability to plan its growth. Furthermore the role of oil in Venezuela has had a distorting effect on the local economy, with great emphasis placed on the import of consumer goods including foodstuffs (US\$3,884 million in 2001: ECLAC, 2002), and the agricultural sector receiving little investment as a result (only 1.1% of exports in 2001; ibid. p541). Moreover, dependence on oil revenues obviated the necessity to implement progressive tax regimes, and private industry became dependent on state grants to survive.

In both cases structured employment, wealth, taxation and the distribution of social goods are subject to influence by the structural factors of race/class and economic relations with the core capitalist countries rather than societal needs. An essential difficulty is that a substantial proportion of the earnings from exports cannot be reinvested in the economy but instead go to pay off each country's crippling international debts, instead of reinvestment in

social programmes or in the establishment of new industries²³. Economic dependence preserves underdevelopment, perpetuating the existing class/race bifurcation and the inequalities stemming from that basic societal cleavage, which in turn itself further perpetuates economic dependence.

Both these factors have resulted in stratified societies based on race with non-white majorities having limited access to the scant formal employment opportunities available. The white or 'near-white' elite on the other hand acts as the mediator between local markets and capitalist centres, with local capitalists playing a reduced role in the local market, providing basic consumer goods (such as beer, wine, flour etc.) to it and few high value manufactured products. This race/class stratification is reflected in local politics, which has traditionally excluded the demands of the majority either through authoritarianism or through forms of liberal democracy limited by restrictive franchises, such as property and/or literacy requirements. The result therefore is a society based on the exclusion of large sectors of the population rather than integration as in the advanced capitalist model outlined by Habermas.

Venezuela, however, has developed a greater level of cultural homogeneity than Peru and a stronger democratic tradition. Its relatively abundant oil rents facilitated the creation of more stable democratic institutions in the latter part of the twentieth century, which ultimately, however, proved ineffective in the face of economic crisis, leading to political polarisation based on the inherent race/class bifurcation in that society.

2.4.2 Colonial and Republican Contexts

Peru and Venezuela were both Spanish colonies but their colonial development differed greatly in many respects. Peru was a conquered land and people and the Spanish erected a complex colonial edifice over the ruins of what

²³ In 2001 20.8 % of Peru's export earnings went to the payment of the total debt service, while in Venezuela this figure amounted to 20.9 %. Venezuela pays 10.3 % of its GDP on debt servicing as opposed to 4.1 % for Peru. To give some perspective to these figures, Peru spent 3.3 % of GDP on education in the period 1998-2000. Venezuela spent 2.7 % on public healthcare in 2000 (UNDP, 2003).

was a relatively unified indigenous society organised under the Incas in a hierarchical social and political system. Venezuela on the other hand was sparsely populated, with small isolated tribes distributed throughout the territory. Peru therefore had large pools of labour already organised by the Incas into easily accessible population centres, which were utilised by the Spanish for their colonial project. Venezuela had no such labour pools available and had to import from Africa, at considerable cost, the majority of its labour through slavery. Furthermore the Peruvian indigenous peoples were required to work the extensive silver and gold mines which were essential to the Spanish crown. Venezuela had no such deposits and with a small Indigenous population, with their labour and their tributes, remained a poor and peripheral frontier post, with a small and relatively poor elite dedicated to plantation farming, commerce or smuggling (Ewell, 1984 p3).

Important differences developed in the elites and masses in both countries as a result of these different colonial enterprises. The Peruvian elite was much closer to the Spanish, Lima being the centre of the South American Empire, well integrated into the mercantilist economy, and as a consequence more concerned with the preservation of the status quo. Work patterns in Peru were essentially feudal, if not based on outright slavery, reinforcing a regime "founded only on conquest and force" (Cotler, [1978] 1992 p24; Mariategui, [1928] 2002 p58). The entire regime was underpinned by the use of violence to ensure its dominance: "Violence was a structural component of colonial domination (...) which also had a place in the family space (...).Violence invaded the streets, squares and homes; all daily life" (Flores Galindo, 1999 pp41-42).

In Venezuela the elites were more isolated, less numerous, poorer and less powerful, and were more exposed to other European powers in the melting pot of the Caribbean (Wright, 1990 p15). The local Venezuelan elite was therefore more independent of the Spanish crown and more receptive to different ideas and organisational concepts. While similar laws and restrictions as those applied in Peru were enforced on blacks and *pardos* (mixed race) in

Venezuela, forcing them to work, that country was more racially mixed than Peru. Slaves often ran away and peons often preferred banditry to work despite these laws (Carrera Damas, 1980 p42). Venezuela had fewer African slaves, fewer Indigenous and fewer Spanish *hidalgos* (nobles) and was consequently a more diversified society, with a social pyramid with relatively less distance between the top and the base (Ewell, 1984 p3-4). This freer structure of Venezuelan colonial society lent itself therefore to a more intimate relationship between the various racial groups (Wright, 1980 p18-21). By the end of the colonial era 60 % of Venezuelans had African origins and of the 25 % classified as white probably some 90 % had some African ancestry (ibid. p14).

Thus the majority of the population of Venezuela was descended from non-natives, and blacks and *pardos* were integrated to some degree into a largely European oriented Creole culture. Nevertheless, a "racial dualism" still existed in Venezuela, where on the one hand a process of miscegenation was taking place, and on the other hand blacks, and to a lesser extent *pardos* were subject to social and economic exploitation (ibid. p14). Peruvian society on the other hand was marked by a more complete excision between two societies, Creole and Indigenous, which seemed to function in parallel and independently, the former subjugating the latter majority (Manrique, 2002 p59)²⁴. Corporate independence was jealously guarded: "Common values, interests and objectives didn't exist. There were Indigenous, castes, nobles, soldiers, priests, merchants and jurists, but there were no citizens" (Cotier, [1978] 1994 p40 citing Mac Alister, 1963). In sum, both Venezuelan and Peruvian societies were based on the use of forced labour drawn from black, mixed race and indigenous populations and as a result were subject to similar social cleavages. Nonetheless these social cleavages in Peru were deeper, more numerous and more enduring than those of Venezuela, due to less racial mixing and the greater ethnic and

²⁴ In the 1812 census of Peru, out of a population of 1,509,551 only 11.8 % of inhabitants were Spanish; 63.3 Indigenous; 19 Mestizo and 5.9 black or *pardo* (Contreras and Cueto, 2000 p39). By 1876 the percentage of Indigenous had reduced only marginally to 58 % (ibid, p144).

linguistic barriers found in the former. Venezuela as a result was more culturally cohesive, less hierarchical and more change receptive than Peru, although blacks represented the lowest caste in a still stratified society.

Independence brought little practical change in this situation for the masses as a whole, but did usher in changes in the nature and composition of the elites. Spanish domination, and with it the upper layer of Spanish born *peninsulares* in the elite were removed forever. The caudillo wars that broke out in both countries after independence, the guano boom in Peru (1841-1878) and the Federal War in Venezuela (1859-1863) led to increased mestizo/*pardo* presence amongst elite groups. The principle of equality was enshrined in successive constitutions but was more legal aspiration than social fact. In effect Creole domination of both countries became complete, and as both countries developed economically the new Creole elites aligned themselves commercially and diplomatically with outside powers particularly Great Britain, but increasingly the United States. Repressive labour systems remained in both countries under new guises, although these were less successful in Venezuela than in Peru (Contreras and Cueto, 2000 pp130-132; Wright, 1990 p49). As the twentieth century approached positivist theory became fashionable, and the elite looked to white immigration to bolster their numbers or "whiten" their populations.

In sum, the essential social and economic fractures of the colonial era continued on into the republican era in Peru and Venezuela. The new Republics were founded under the dichotomy of legal equality and practical exploitation. While the old colonial order crumbled under the force of the independence wars, elites were reconstituted and regenerated through the partial acceptance and alliance with individuals from previously excluded sectors, thus maintaining an elite/masses division of the social apparatus. A number of strategies were used to enforce pernicious labour regimes on the majorities. These regimes were founded on profoundly rooted racist bias, which found new life and form under supposedly "scientific" positivist rhetoric. Elites sought to regenerate themselves and transform the racial makeup of their nations by encouraging white European

immigration, with little success. The social models aspired to, remained primarily European and increasingly North American in their inspiration, rejecting the other cultural influences in the region (i.e. the Indigenous and the African), as a source for new social models.

While Peru and Venezuela shared these essential continuities, notable differences were also perceptible. Levels of racial mixing were more elevated in Venezuela than in Peru particularly amongst the dominated sectors, but also within the elites. Official Venezuelan discourse paid more attention to egalitarian rhetoric, to the extent that the Federal War (1859-1863) was ostensibly fought over the issue, although the winning of this war by the Federal side did not result in any appreciable improvement for the dominated sectors (Carrera Damas, 1980 p106). Nonetheless popular involvement in the war of Independence and the Federal War ensured the politicisation of the majorities, and their presence in the political life of the country from the beginning. This was not the case in Peru where the dominated sectors did not make an entry onto the national stage until the early twentieth century, and the indigenous majority shunned the Peruvian State. Racism in Venezuela did not have the same levels of severity and rigidity as in Peru, further contributing to the formation of a more cohesive national social body in the former country. The greater solidity and openness of Venezuelan society would prepare its elite to respond more imaginatively than its Peruvian counterpart, to the changes awaiting it in the twentieth century. Nevertheless, in both countries the majority of governments were authoritarian, and more often than not military; representative democracy, however, would come sooner, and become more stable, in Venezuela than in Peru.

2.4.3 Peru and Venezuela in the modern period

By the twentieth century both countries began to experience increased foreign commercial influence, increased economic development, and increased demands for participation from the dominated sectors. In Peru a nascent working and middle class developed, unions were formed and strikes were held in 1895

and in 1919. Middle class sectors developed due to increasing State involvement in social provision and economic planning. In Venezuela due to increased oil production and revenue, these sectors developed more rapidly than working class groups. Mass parties began to be formed such as APRA in Peru (1924) and AD in Venezuela (1941). In both countries there was resistance and oppression against these and other progressive parties, including Socialist and Communist parties, from authoritarian governments, be they civilian or military. Electoral suffrage was severely restricted by literacy and property requirements in both countries until universal suffrage was introduced by AD in Venezuela in 1947 and in Peru in 1979, when the literacy requirement was removed. The role of the State grew in both countries, especially in Venezuela due to the dominance of oil in its economy, but also in Peru particularly under the progressive Armed Forces government of General Velasco (1968-1975) (see below).

Foreign investment and dominance of the local economy, especially of the US, became increasingly prominent during the first half of the twentieth century. In Peru, international capitalism developed rapidly in the early twentieth century, providing it, through state concessions, with a greater role than national capital. For example, foreign, as opposed to local control of mining went from 49 % in 1950 to 73 % in 1960 (Klarén, 2000 p304). Mining interests began to outweigh the value of the more nationally controlled agricultural interests (Cotler, [1978] 1992 p193). The value of most exports stayed in the hands of foreign capital, rather than the Peruvian state or national capital. National capital, instead of playing an expansionist role in the internal market, became subordinate to the needs of international capital in association with the Peruvian State. "In this way, the dominant sector of Peruvian society organised itself in a series of clients which depended on the State and foreign companies" (Cotler, *ibid.* p160). Even under Import Substitution Industrialisation (ISI) policy, foreign capital played a predominant role (*ibid.* p386). A confluence of interests between international capital and the Peruvian State, with national capital playing a dependent role, worked against the prospect of change.

In Venezuela a similar if not more dependent situation developed. There, foreign oil companies controlled 98 % of national production by 1945, the US giant Standard Oil controlling half of that (Ewell, 1984 p63). However, President Medina Angarita (1941-1945) imposed tighter regulations on these companies, increasing substantially the government's share of oil revenues. His Oil Law of 1943 became the basis of Venezuelan oil policy right up to nationalisation in 1976, laying the financial foundations for the *Punto Fijo* populist system (ibid. p68). Yet, according to Betancourt oil multinationals continued to benefit more from Venezuelan oil than did the Venezuelan people (Betancourt, [1956] 2001 p121). Industrial manufacturing did develop in Venezuela "controlled from the core (capitalist countries) but managed more and more by members of the expanding local elites" (Lombardi, 1977 p18).

In both cases increased foreign penetration of local economies strengthened the alliances between local white or "near white" elites and foreign elites, reinforcing native elite identification with US/European cultural and economic tenets. Economic decision making by elite groups tended to prioritise and reinforce the economic, cultural and political relationship between the native and core country elites. Indigenous and Black identities were associated with poverty, and these groups remained the poorest in a mutually reinforcing dilemma: they were poor because of perceived deficiencies of their race, and their poverty reinforced this negative stereotyping. The perceived solution therefore, both of the authorities and of many individuals amongst these groups, was to "whiten" the population, or oneself, both racially and/or culturally.

Undoubtedly great strides were made towards improvement of living standards for large sectors of the population during the twentieth century, some of them due to the demands of self-organised class groupings, particularly in Peru, some of them due to governmental modernisation policy, more prominent in Venezuela. Yet the race/class bifurcation inherent in both societies ultimately stemmed moves towards full social integration in these societies, providing the stability needed for successful economic development.

To return to Habermas' framework, we can see structural difficulties which inhibit the development of the capacities of the State on the economic, administrative and socio-cultural levels preventing the Venezuelan and Peruvian states achieving legitimacy. On the economic level, the condition of economic dependency of Venezuela and Peru on the core capitalist countries prevented both states from evolving sovereign economic systems. This worked against their economies adequately responding to the needs of their people in terms of formal employment and adequate wage levels. This situation obviously had a knock on effect on the administrative level; with reduced economic activity, low employment levels, and much of the national economy owned by foreign companies, State revenue was low, and distribution of the resources raised often inefficient and inequitable²⁵. Neither country has achieved sufficient nor equitable tax raising capabilities to allow them to make the necessary political decisions benefiting the bulk of the population and therefore ensuring mass loyalty. Furthermore on a socio-cultural level, class systems have remained extremely bifurcated due to profound cleavages such as race and ethnicity, making it difficult to communicate cultural values of consumption, careers, and leisure (i.e. privatism). Even overcoming such shortcomings, as was the case in Venezuela to an extent, the difficulties on the economic and administrative planes limit the states' abilities to satisfy expectations raised, in other words a motivation crisis.

Nonetheless there are divergences from the Habermasian model in both countries situations. While both countries have dependent economies, Venezuela's economy is less diversified than that of Peru due to its dependence on oil, but is much richer because of the higher revenue from that natural resource. Venezuela succeeded for a substantial period of time, as we shall see, in providing employment opportunities for the majority of its people as a result of its oil wealth. Both countries remained, however, with unequal and inefficient tax

²⁵ See Table 3 for income inequality statistics

systems, with knock-on effects on the quality of their democracies. As Cameron points out, "there is a direct connection between the poor quality of democracy and poor tax administration, as well as between low taxation and low levels of development" (2001 p22).

Peru faced difficulties in surmounting the dominant barriers of ethnicity and race sufficiently to communicate the operative ideology of the elite groups to the masses, whilst in Venezuela these barriers were surmounted substantially but only to raise expectations which ultimately could not be satisfied²⁶. Nevertheless, despite these differences, the result is similar as both countries now have a majority of the population in a situation of marginalisation from the dominant political, economic, social and, certainly in the case of Peru, cultural structures. Peruvian and Venezuelan societies are therefore not sufficiently integrated to enable effective legitimisation systems to evolve, in the Habermasian sense, and this integration is primarily blocked by the fractures wrought by a colonial heritage perpetuated through a racist societal structure and a condition of external economic dependence. The conflict between the demands of the majorities to participate in their societies in a meaningful way and the demands of the dominant groups to perpetuate a radically inequitable system weakens these societies in such a way as to make them more prone to crises. Much of the population of both countries did achieve a certain degree of economic participation through formal employment and the paying of taxes, especially during the 1960s and 1970s, which began to facilitate wider political and social participation. Yet, eventually, as a result of economic crises, these successes were retracted, and sufficient integration of the majorities was not achieved, thus destabilising the advances made which could have achieved the legitimisation needed to prevent or manage crises effectively. And when these advances were retracted, it primarily affected those who, throughout the histories of both

²⁶ Ellner (2003a citing Bergquist 1986) states that the Venezuelan working class had historically a pro-system mentality, and a widespread sense of optimism based on the idea of the country's oil wealth being invulnerable to market fluctuations (pp.7-8).

countries, consistently bore the major burdens of the system; the Poor, the Indigenous, the Black. The next few sections will show how these essential social cleavages played a crucial role in creating the context in which Fujimori and Chávez emerged in their respective countries.

2.5 Crises in Peru and Venezuela

2.5.1 Punto Fijo Venezuela

The installation of liberal democracy in power, first in 1945 and again, definitively, in 1958, gave birth to what Rey (1991) denominated as "a populist system of conciliation", based on a number of explicit and implicit pacts. The foundation of the system was the *Punto Fijo* pact where each party promised to abide by the electoral rules, and relinquish power when required by electoral outcomes of the popular vote²⁷. Significantly the left was excluded from participating, despite the important role played by the *Partido Comunista Venezolano* (Communist Party of Venezuela; PCV) in the struggle against the Pérez Jiménez dictatorship (1948-1958).

The Punto Fijo regime was set up in order to reconcile the complex dichotic tendencies in Venezuelan society and politics: between elite domination and popular demands for equality, the military and civilians, "barbarism" and "civilisation", the private and public economies etc. It developed a "complex system of negotiation and accommodation of heterogeneous interests, in which mechanisms of a utilitarian type played a central role in the generation of support for the regime and furthermore, its maintenance in power" (ibid. p543). This meant in practice the observance of specific pacts based on practical mechanics of power-sharing which were central to the Punto Fijo state; alternation in power, distribution of institutional offices, the role of the media etc. The system was a delicate balancing act between the interests of powerful

minority sectors and maintaining the confidence of the majority in the system, as the best means to achieve "liberty, justice and wellbeing" (ibid. p543). It was based on two fundamental factors: a central role for the state as principal actor and promoter of the development process and the distribution of its benefits, and the acting of political parties and a few organised groups as mediators between the State and the totality of society (ibid. p544). This process was achieved by the distribution of oil rents through state funded oil industrial projects, direct assistance to private industry, state employment and welfare assistance. The main semi-corporate groupings who participated in the regime were the political parties namely AD and COPEI, the *Confederación de Trabajadores de Venezuela* (Workers Confederation of Venezuela, CTV) representing the trade unions, the *Federación de Camaras de Comercio y Producción* (Federation of Chambers of Commerce and Production: FEDECAMARAS), the Armed Forces, and the Church any one of which had in effect the right to veto major decisions of government (ibid.p554). Collusion between these groupings was not unusual, even amongst groups which in the Marxist sense should have been considered as antagonistic such as the CTV and FEDECAMARAS (ibid. p549)²⁸.

The *Punto Fijo* regime according to Rey was built on three fundamental pillars: relative abundance of economic resources, a low level of demands from the different sectors of society thus allowing their easy satisfaction and the success of the political parties and interest groups and their leaders in mediating those demands. Under normal circumstances a deficit in one could be compensated by the relative functioning of the others, but a failure in all three, Rey warned, would lead to a crisis "which represents a limit for the system, as it can no longer continue functioning satisfactorily" (ibid. pp565-566). In many

²⁷ Named after Rafael Caldera's (leader and founder member of Copei, the Christian Democratic party) house in Caracas where the pact was formulated and signed by Caldera, Betancourt (AD) and Villalba (URD) on 31st October, 1958.

²⁸ According to Díaz (2000), the CTV "acted objectively as the guarantors of business prerogatives" (p154).

ways therefore the *Punto Fijo* regime resembled Habermas' model of advanced capitalist society except in one crucial respect: mechanisms designed to ensure mass loyalty and the loyalty of the bourgeois capitalists and international investors were paid for through the oil rent and not through taxation, evading one of the principal mechanisms of integration in advanced capitalist societies.

The *Punto Fijo* regime was designed to avoid conflict and antagonism, encourage conciliation and negate the polarisation of Venezuelan society along class lines (Carvallo and López Maya, 1989 p48). As time went by and the system consolidated itself, and as the economic model began to be exhausted under the weight of a slump in oil prices and increased external borrowing, "a false image of consensus was created leading to a mistrust and subsequent exclusion of dissent "(Civit and España, 1989 p39). From Black Friday in February 1983, when the government of Luis Herrera Campins dramatically devalued the *bolívar* in the face of a slump in oil prices and massive capital flight, the three pillars supporting the regime began to crumble (Lander, 1996 p50). On the economic level Venezuelans saw their standard of living plummet: between 1990 and 1997, according to the UN, per capita income fell from US\$5192 to US\$2858, and Venezuela's human development index from 0.8210 to 0.7046 (PNUD/OCEI, 2001 p92). Income inequalities remained high with the highest 20 % of earners receiving 53.1 % of income, and the lowest 3.4 % (World Bank, 2001 p283). Meanwhile Venezuela's tax take fell from 18.4 % in 1990 to 12.8 % in 1998 (ibid. p301). In 1997 50.6% of workers were found in the informal sector, and by 1996 around 36.4 % of the population were living on less than US\$2 dollars a day (Provea, 2002 p281). Public spending contracted from a high of 37 % of GDP in 1982 to 16 % in 1998 (Mc Coy and Smith, 1995 p127/World Bank, 2001 p301). The *bolivar* devalued about 100 % between 1988 and 1993, and inflation remained relatively high by Venezuelan standards at around 31 % annually during the same period (Malavé Mata, 1996 pp130-131). The economic crisis was fundamentally due to the dependence of the Venezuelan economy on oil rent. In 1965 oil accounted for 97 % of Venezuela's exports, and by the

beginning of the 1990's that figure had only been reduced to 91 % (Cartaya, Magallanes, Dominguez, 1997; Chapter 2). This left Venezuela particularly vulnerable to world oil market conditions, prices falling abruptly in 1986 and 1988 causing critical balance of payments deficits which were financed by borrowing (Malavé Mata, 1996 p32). In 1988 public external debt had reached US\$26.6 billion, and by 1998 it was around US\$37billion (Lander, 1996 p51/World Bank, 2001 p315)²⁹.

The regime, however, had a number of important achievements, principally political stability, confidence of the population in the democratic regime and its leadership and relative economic growth, not to mention improved educational, health and general living standards for the majority of Venezuelans (Kornblith, 1994 p145)³⁰. Industrialisation and urbanisation increased substantially during the *Punto Fijo* period, and popular demands for inclusion were primarily satisfied by increased provision of social goods and increased possibilities for advancement, in other words motivational awards (See Table II.1). Nonetheless the regime's main deficits were "an excessive centralisation, socio-economic inequality, clientelism between State, citizens and organisation, the party domination of institutions and decisions [and] administrative corruption" (ibid.). The fundamental flaw in the *Punto Fijo* design was the contradiction between the liberal democratic order on the juridical constitutional level and the reform of a socialist character of the social and economic order (Carrera Damas, 1980 p187). Once the pillar of a limitless oil income fell and the addiction to indebtedness took hold the contradiction between these two parts became manifest and the model became unsustainable. Both parts of the *Punto Fijo* equation became irreconcilable, and with it the fragile system of consensus became divided once again along class lines. The

²⁹ For more statistics see Tables 1 and 2.

³⁰ "From the 1960s until well into the 1970s, indicators of social well-being made a considerable jump forward. Between 1961 and 1981, levels of illiteracy fell from 50 % to 11 %, the infant mortality rate ranged between 46.4 per thousand and 35.2 per thousand, and life expectancy at

decline in oil prices and the increases in debt led to the economic foundations of the *Punto Fijo* state being undermined, prohibiting the distribution of rents to all sectors, and forcing the state to break the populist social pact which had worked in favour of system legitimation up until that time. No longer was it possible to give to one sector without taking from the other. In the context of the increased global hegemony of neoliberal ideology, the Venezuelan economic elite began to press more urgently for reform, while the systemic defenders of the popular classes actively collaborated or stood on the sidelines, leaving the majority of the population without effective representation (Civit and España, 1989 p39). It was no longer possible to conceal the multiple social fractures in the social body of Venezuela with the profits from oil, the product of its physical body.

2.5.2 Protest and Neoliberalism

Barely having entered his second presidency in February 1989, on a populist ticket similar to that which brought him to power in 1974-1979, President Carlos Andrés Pérez attempted to implement a neoliberal package through a hastily introduced, IMF sponsored programme called *El Gran Viraje* (The Great Turnaround). The policies introduced had three conceptually distinct aspects: an adjustment to achieve short-term economic equilibrium, structural reform to transform the economy from a state directed and oil dependent economy to a market led one, and the transformation of Venezuela from a 'populist' system to a 'modern' market system (Lander, 1996 p51). The measures introduced were wide-ranging and radical in the Venezuelan context; restrictions in public expenditure and wages, abandonment of currency controls, interest rate adjustments, the reduction of price controls and subsidies, the introduction of a sales tax, pricing on state services etc (ibid. p52). Despite government orders to raise transport costs by 30%, transport companies raised them by 100% thus sparking off the greatest public disorders seen in modern Venezuelan history, which came to be known as the *Caracazo* (27 - 28 February,

birth rose from 61 years to 69 years [Freije,1995]" (Cartaya, Magallanes, Dominguez, 1997;

1989). Residents of Caracas' teeming shantytowns, and those in many other Venezuelan cities, came down from the *cerros* (hills) and proceeded to loot shops and warehouses, initially for food, but as the disturbances developed for all sorts of consumer goods. As shops were looted so residents found vast quantities of foodstuffs hoarded by shopkeepers to sell later at a speculative profit. Government reaction was initially tame but eventually President Pérez called a state of emergency and left it to the Army and Police to quell the disturbances. The result was the use of "massive violence" and an official death toll of 277, an unofficial one running into the thousands (Coronil and Skurski, 1991 p326).

Establishment presentations of the *Caracazo* was of the eruption of barbarism, of primitivism pitted against civilisation (ibid. p327). The '*pueblo*' (people) were a source of barbarism, the government and the elite a force for reason and civilisation; "[t]he nation was split in two" (ibid. p328). After the *Caracazo*, Venezuela would not be the same again as protest became the norm, increasing both in incidence, violence and variety and extending to almost all sectors of society (López Maya, 2002). The *Caracazo* also symbolised the eruption of the class factor once again into the national political arena (Carvallo and López Maya, 1989 p48). Even the President acknowledged this in his speech to the nation on the 28th February, a notion violently rejected by FEDECAMARAS (ibid. pp50-51). The CTV, due to its position both within the power structure, and as representatives of working people, also avoided the inescapable class nature of the *Caracazo* and the neoliberal measures which sparked it off (ibid. 51). Indeed there was little consensus around Peréz's neoliberal economic package, as it didn't use the usual consensus-seeking mechanisms characteristic of the Venezuelan democratic system (Kornblith, 1989 pp24-25). In such a heavily state oriented economy and society it was difficult for the different institutions of the *Punto Fijo* pact to accept the neoliberal measures, but at the

same time, due to their very state dependence and involvement in the system, it was equally difficult for them to resist them. Business sectors, trades unions, the Church, the parties (including Pérez's own party AD) the Armed Forces and other institutions essential to the *Punto Fijo* pact all became divided around the issue of the introduction of market reforms.

Despite the President's admittance of the class nature of the disturbances and the economic measures, and the divisions caused by them, he persisted in their implementation, leading initially to some macroeconomic success, but by 1992 unemployment, informalisation of employment and poverty had all increased (Lander, 1996). Meanwhile as the Venezuelan population in general and the popular classes in particular paid the price of economic reform, the governmental and business elites were seen to enrich themselves even further through financial speculation and/or corruption. Pérez's government was rocked by two unsuccessful coups in 1992, the first on February 4 led by Lt. Col. Hugo Chávez, the second in November led by a number of Air Force officers, and by 1993 Pérez was impeached and under house arrest for corruption, finally going into exile.

The government of President Rafael Caldera (1993-1998) tried to implement piecemeal neoliberal reform under his *Agenda Venezuela* programme, but Venezuela's crisis continued to deepen and widen. Reforms led to a shift from the state to private capital with large oligopolistic companies, such as the Cisneros group, gaining more centralised power as they positioned themselves for the global market. Politicians once seen as anti-neoliberal such as Pérez and Caldera, and erstwhile anti-systemic actors and alternative politicians such as Caldera's Planning Minister, Teodoro Petkoff, became the staunchest defenders of neoliberal reform (Coronil, 1997 p384). In such a scenario, where both old and new politicians were seen as untrustworthy and corrupt, an increased breach between the political establishment and many sectors of society grew, and a search for political alternatives and new political and economic models was under way.

The *Punto Fijo* State had begun an attempt to reform itself through the *Comisión Presidencial para la Reforma del Estado* (Presidential Commission for the Reform of the State/COPRE). This commission inaugurated in 1984 eventually bore fruits in 1989 with the passing by Congress of laws leading to the popular election of governors and mayors. The deepening crisis of state led to the forming and consolidation of movements representing the popular sectors, such as the *Movimiento al Socialismo* (Movement to Socialism/ MAS) and *La Causa Radical* (Radical Cause/ La Causa R). It also led to the emergence of Chávez's *Movimiento Bolivariano Revolucionario-200* (Bolivarian Revolutionary Movement-200/MBR-200) in the army³¹. Decentralisation provided some of these movements with local power bases as some began to achieve representation in governorships, mayorships and in Congress. Rafael Caldera, having abandoned the party he founded, Copei, became president in 1993 through an alliance with MAS, other smaller parties, and his own electoral vehicle *Convergencia* (Common Direction), breaking to an extent the once firm hold the traditional parties, AD and Copei had over national politics. Yet the COPRE reforms did not re-establish people's faith in Venezuelan democratic institutions. In 1982, for example, almost 60 % of the population had a positive image of political parties, but by 1992 around 60 % had a negative image of those parties (Njaim, Combellas and Alvarez, 1998 p17). Furthermore almost 40 % of those surveyed had a negative opinion on the constitutional system as it existed, especially amongst lower class sectors (ibid. pp99-100). Causes for the crisis were attributed to corruption, the parties, the economic situation and the lack of participation in the political process (ibid. p106). Voting patterns showed increasing abstentionism from a low of 3.5 % in 1973 to a high of 39.8 in 1993, a tendency which has remained ever since (Mc Coy and Smith, 1995 p137 see also chapter 4). The system had lost its legitimacy with the electorate, the *Punto Fijo* attempt at modernisation

³¹ See Ellner, 1986 on MAS; López Maya, 1996 on La Causa R and MBR-200. MBR-200 was given the name in honour of the 200th anniversary of Bolívar's birth.

resulted finally in mass alienation rather than the mass loyalty so nearly gained through the policy of "sowing the oil".

In 1997 the MBR-200 became a new electoral movement, the *Movimiento Quinta Republica* (Fifth Republic Movement/ MVR) and began to prepare for the 1998 elections³². The MVR quickly became an electoral grouping for the original military core of the movement, the vanguardist left, and many members of the established parties disenchanted with their policies. The MVR forged alliances with a number of parties on the left, such as *Patria Para Todos* (Motherland for Everyone/PPT) a more radical excision of La Causa R; MAS, which had been in alliance with Caldera's *Convergencia* movement; and smaller parties such as the *Partido Comunista Venezolano* (Communist Party of Venezuela/PCV) amongst others, to create the *Polo Patriotico* (Patriotic Pole/PP). Chávez won the presidential elections with 56% of the votes, the PP winning 33% of the seats in both houses of Congress (Lingenthal, 1999 pp222-223). While the Chávez vote had strong penetration at all levels, polls suggested that his appeal was particularly strong amongst the popular classes, whereas his chief rival Henrique Salas Römer's appeal was amongst the middle and upper sectors (Roberts, 2003 p66). Chávez's rise therefore "signified a repoliticisation of social inequality in Venezuela" with mostly the popular sectors identifying with Chávez and the middle and upper sectors with opponents of the president (Roberts 2003 p55). Moreover, as Wright (1990) explains, while the "seamier side" of racism, violence and segregation, have been eradicated in Venezuela, black skin is still associated with poverty, and the darker the skin the more likely that that person will belong to the poorer sections of society. Thus race and class remain associated in Venezuela despite the advancement in eradicating some elements of racism. Chávez and the MVR therefore recognise, and capitalise on the fundamental

³² It was illegal to use the name of the Liberator, Bolívar, for political parties in Venezuela. By using V, the roman numeral for five, the movement's name remained unchanged verbally due to the similarity in Spanish pronunciation of the *b* and *v* consonants.

class/race polarisation of Venezuelan society, as the *pardo* Chávez's repeated references to the Venezuelan elites as 'oligarchs' signify.

To sum up, modernisation, urbanisation and industrialisation led to economic and social advancement during the *Punto Fijo* years. As increased numbers of Venezuelans received social and financial rewards during the boom years so expectations rose. The boom came to an abrupt halt, as economic and social crisis set in leading to the withdrawal by Venezuelans of legitimacy in their political system and demands for greater popular participation. An external crisis, the oil price boom and its subsequent decline, and the debt crisis of the 1980s, led to severe disadjustments in the local economy resulting eventually in the inability of the Venezuelan oil industry to provide the State and private capital with the means to make the system function. Neoliberal attempts to redress this situation by prioritising the market instead of the state, and making the popular classes pay for these reforms, resulted in failure as those classes revolted against these measures either on the streets (the *Caracazo* and subsequent demonstrations) or at the polls. The Venezuelan crisis preceding the emergence of Chávez was therefore based on an externally produced general system crisis which generated popular demands for increased popular participation and which failed, for the moment at least, to produce a consolidated effective neoliberal response from the dominant classes. The election of Chávez was based on his promise of state-led responses to the challenges of a globalised era, along with increased democracy through popular participation and 'protagonism'. Venezuelans therefore installed a populist government promising more participation for the popular classes and restricting participation of the capitalist and much of the middle classes, who either as collective institutions (such as Fedecamaras) or as class sectors (such as professionals of state companies and bureaucracies) were instrumental parts of the *Punto Fijo* pact.

2.6 Peru: Populist authoritarianism and democracy

2.6.1 Introduction: Post War Pendulums (1945-1968)

In Peru, in the post World War II period, we similarly find a process of system breakdown taking place at the economic, social and political level, with the emergence of both civilian and military populism. Civilian populism manifested itself in APRA, representing the new social forces such as labour, students and the marginalised middle sectors, while military populism first emerged in the form of President General Manuel Odría (1948-1956) with his policies of public spending and political authoritarianism. Both forms were characterised by clientelism³³ and favourable treatment of foreign investors, maintaining long-standing external dependent relationships (Contreras and Cueto, 2000 p206). Industrialisation and urbanisation, and along with them middle and working class sectors, as well as growing marginalised groups, grew substantially. This growth caused increased pressure for representation of these growing popular sectors. APRA, the most notable party representing popular and middle sectors were nonetheless consistently barred from office by the elites and the Armed Forces, except for a brief period during the Bustamente and Rivera government (1945-1948) and again during the *Convivencia* (Co-existence) between APRA and the ruling elite (1956-1962).

2.6.2 The Revolutionary Government of the Armed Forces (1968-1980)

With the global political climate increasingly pro-democratic after the Second World War, the success of the Cuban Revolution of 1959, and the repeated failure of democratic and authoritarian governments in Peru to satisfy the demand of the burgeoning popular, middle and marginalised sectors, the Armed Forces once again intervened, overthrowing the Belaunde government in 1968. This time, however, the Armed Forces took the political initiative and set up a progressive leftist nationalist government, the *Gobierno Revolucionario de*

³³ Clientelism is taken in its broadest sense as "an exchange of selective benefits for political loyalty" (Roberts, 2000 p7).

las Fuerzas Armadas (GRFA/ The Revolutionary Government of the Armed Forces) led by General Velasco. The aim of the GRFA was to democratise society through authoritarian means, selectively integrating popular social sectors, aiding the national bourgeois capitalist sectors, but effectively excluding the urban and rural marginalised (Cotier, 1992 p80-83). The GRFA implemented wide ranging reforms favouring national development, nationalising the oil, mining, fishing, air transport, communication and steel industries, amongst others. Ministries flourished and multiplied, and the public sector represented 50 % of the Gross National Product by 1977 (Contreras and Cueto, 2000 p313). An impressive land reform programme was implemented, benefiting 369,000 peasant families, however, most of these were from the better off sections of the peasantry (ibid. p316). Growth was strong, especially in the manufacturing sector, but remained about the same for the period 1971-75 as it had for 1961-70 (Kláren, 2000 p357). The left and popular sectors supported the government whom it tried to mobilise through state sponsored popular organisations, represented most comprehensively in SINAMOS (*Sistema Nacional de Apoyo a la Movilización Popular*/National System of Support for Popular Mobilisation)³⁴. This organisation's stated aim was "to achieve conscious and active participation of the national population in the tasks demanded by economic and social development" in other words to harness popular energies in making the revolution a reality (ibid. p349).

Yet the GRFA was unsustainable in the long run for two reasons. Firstly the government attempted to resolve the conflict between business efficiency and social justice in favour of the latter, without taking into sufficient account the economic sustainability of the project (Contreras and Cueto, 2000 p313). Foreign debt, for example, quadrupled from US\$945 million in 1970 to US\$4,127 million in 1976 (Kláren, 2000 pp357-358). Secondly the government's popular mobilisation policy gave those sectors sufficient political empowerment and

³⁴ Sinamos literally means in Spanish "without masters".

organisational capacity to challenge it. As the economic situation worsened the government of general Bermúdez Morales (1975-1980) introduced restrictive budgetary measures, causing protests which were repressed, sometimes violently (Cotler, 1994 p97)³⁵. The distancing of the popular sectors from the government's authoritarian policies led those sectors to become increasingly autonomously organised, after SINAMOS and Velasco's reformist regime collapsed in 1975 (op. cit. p351). As the economic crisis worsened, the revolution had become a victim of its central contradiction: its politically authoritarian form and its socially democratising content (Lynch, 2000 p87). In the face of this central contradiction, President Bermúdez Morales saw no option but to return Peru to civilian democratic rule through a Constituent Assembly and new elections in 1980 under the new 1979 Constitution.

The military government brought a number of positive benefits to Peru. Manufacturing capacity between 1965 and 1980 grew at a compound annual rate of 3.8 %, and in general the government's emphasis on peasants, industrial workers and State employees had positive effects on income distribution (Mc Clintock, 1999 p323 and pp350-351;). Furthermore literacy increased from approximately 61 % of those fifteen-years old and over in 1960 to 73 % in 1970, and enrolment in secondary schools and universities was above the Latin American average (ibid. p324). On the negative side, however, the military government reversed agrarian production, reduced private investment and increased foreign debt. Agrarian reforms benefited mostly coastal plantation workers, and there was little transfer of resources into the agricultural sector, as the government concentrated its development efforts on the industrial sectors. "[T]he historic gap [in the redistribution of wealth and income] between the traditional and modern sectors - the coast and the sierra - which characterised the dual structure of Peru, was not closed in any appreciable manner" (Kláren,

³⁵ Riots in February 1975 left 86 dead and 155 wounded, and more riots in 1976 after an IMF inspired "shock therapy" package was introduced, including a currency devaluation of 44 %, public spending cuts, price rises in petrol and other basics. There were also very successful general strikes in 1977 and 1978 in response to similar measures (Kláren, 2000).

2000 p357). Massive public investment due to the drying up of private investment led to massive foreign debt (Kláren, 2000 p357). Under the Bermúdez Morales regime, wages were reduced by nearly one-half, while the cost of living quintupled between 1973 and 1979 (Mauceri, 1997 p27).

Nonetheless, the GRFA had practically liquidated the landed oligarchy which had blocked reform up until then. The encouragement of social mobilisation developed inadvertently a kind of "cultural revolution" which questioned racism, allowing a certain homogenisation of social relations in the country. In 1978 for example no one seriously questioned the introduction of universal suffrage, including for the first time illiterates (Contreras and Cueto, 2000 p325). Furthermore the GRFA's emphasis on popular mobilisation stimulated a revived and diversified Left bringing the newly organised popular sectors with them, which went on to win 34 of the 100 seats in the Constituent Assembly in 1978 (Kláren, 2000 p363). Lynch (2000 p88) maintains that the "most significant consequence of the *velasquista* process was not the actual reforms but rather the social democratisation that they set in motion". However, Flores Galindo (1999 p49) points out that "Velasquismo was, like Independence in 1821, a political revolution; a revolution from the State apparatus, without the direct intervention of the popular classes and with the proposal to reform rather than transform society". Peru had changed, and changed greatly, as a result of the GRFA, setting in motion processes of mobilisation and giving its citizens an "experience of participation" without precedent in the country's history. Despite these advances, however, Peru's basic structural fractures although seriously challenged, remained relatively intact. The difference, however, was that this "experience of participation" had produced a "revolution of rising expectations" (Di Tella, 1965 p49), which the popular classes were reluctant to abandon, had destroyed the landed oligarchy, and placed the right and business sectors in abeyance as they sought new ideological strategies.

2.6.3 The return to democracy and the emergence of Fujimori (1980-1990)

Peru's transition to democracy was an elite controlled process which lacked a broad consensus behind the new institutions, by and large ignoring the calls for social participation from the popular classes. It restored an authoritarian centralised system, and left both conservatives and radicals dissatisfied with the new institutional mechanisms (Mauceri, 1997 pp28-29). The election of Belaúnde in 1980 was a vote for familiarity in an increasingly uncertain economic and social atmosphere. Belaúnde faced two major problems on assuming the presidency: the escalating threat of Sendero Luminoso and the region-wide debt crisis and he "appeared at a loss to resolve either problem" (Mc Clintock, 1999 p326). He tried to restore the pre-1968 model of economic liberalism, but due to Constitutional provisions inserted by the military had to leave the State structures inherited from the GRFA largely intact (Kláren, 2000 p374/Mauceri, 1997 p23). As a result of this and a number of grandiose infrastructural projects, public expenditure increased (op. cit. p327). The government attempted to attract foreign investment, while following a policy of fiscal austerity already set in motion by the preceding Bermúdez government. Nonetheless the budget deficit soared to 9.7 % of GDP, real salaries in manufacturing fell by 14 % in 1983 and by over 20 per cent the following year and the IMF was called in (ibid./ Mauceri, 1997 p30). The government did nothing for the first two years about the Shining Path, and then it endorsed wholesale repressive actions by the Peruvian military (Mc Clintock, 1999 pp327-328). Deaths due to the Sendero war increased from 219 in 1980 to 2,050 in 1985, the last year of the Belaúnde presidency. In 1984 alone, 1,785 of those killed or injured were civilians, out of a total of 3,588 attacks by Sendero or the Security Forces (Reyna, 2000 p201). Peru's people, disappointed by the poor performance of the Belaúnde administration, with a disapproval rating of over 60 % in the polls in his final month in office, turned to the youthful Alán García of APRA in the hope of finding radical solutions to Peru's mounting problems (Grompone, 1990 p184).

García's presidency was characterised by a personalist, centralist, authoritarian decision making process, a strongly clientelistic form of governing, and growing polarisation between the social classes (Mauceri, 1997 p30-31). García proposed "to undertake social change and reform for the poor majority without alienating the business elites that were crucial for economic progress" (Kláren, 2000 p387). He pursued a policy of direct assistance to poorer sectors, supports to business and limits on external debt repayment, in an attempt to revive the internal economy. Initially the policy met with substantial success: "in 1986 GDP per capita grew by almost 6 %, real wages increased by more than 40 %, employment rose and inflation slowed. However, these achievements were based on an unsustainable increase in public spending and depletion of international reserves" (Mc Clintock, 1999 p328). When the reserves ran out "the government had little choice but to abandon its expansionary policies" but was unwilling to implement IMF required austerity measures in exchange for new loans (ibid.). The result was "one of the worst economic performances in modern history" (ibid. p329). By the end of the García administration, real per capita GDP was estimated to be less than in 1960, and accumulated inflation over the five years was more than 2 million percent! (ibid.). In 1988 the balance of payments deficit reached -12.5 % of GNP and the cost of servicing the debt reached 94 % of exports (Gonzales de Olarte, 1998 p15). Despite García's attempts to revive the internal market, Peru remained dependent on exports in order to pay the debt. Poverty grew rapidly: in 1986 37.9 % of the population were in poverty, with 14.9 % of those in extreme poverty³⁶. By 1991, one year after García's departure from government, that figure had risen to 55.3 % and 24.2 % respectively (ibid. p86). Real wages were half their 1980 value by 1989 and labour's share of national income declined from 37.7 % in 1980 to 28.8 % in 1989 (Cameron, 1997 p41).

³⁶ "The five years of Apra government produced the most brutally regressive redistribution of income in Peruvian history" (Degregori, 1991)

García's record on the other great problem facing Peru, the Sendero war, was equally abysmal. Initially the government placed an emphasis on economic development programmes and human rights. The first strategy floundered through Sendero attacks on State officials, lack of resources after 1987, and corruption, the latter on army hostility and government collusion with army human rights abuses. "By 1989, Sendero Luminoso numbered approximately 10,000 combatants, had the support of roughly 15 % of Peru's citizens, and controlled 28 % of the country's municipalities" (Contreras and Cueto, 2000 p329). "The García government did not provide solutions or demonstrate consistent achievements neither in the face of Sendero and MRTA³⁷ terrorism nor paramilitary activity, nor did it exhibit a greater respect for human rights (...). Without a doubt, for reasons such as these, between 1989 and 1990 even more violence was brought to the political sphere of the country" (Reyna, 2000 p206). Annual subversive actions had doubled from 1,437 in 1985 to 2,877 in 1989 (ibid. p201). That year "(...) Peru seemed to be on the edge of the abyss. Terrorism, inflation, drug running, and extreme poverty were like the four horsemen of the biblical apocalypse" (op. cit. p339).

By 1990 the Peruvian liberal democratic State had failed dramatically on all three levels of the Habermas model: economic, political and socio-cultural. Economically, after promising improvements before and during the Velasco regime, the Peruvian people faced a continuous decline in income and a rise in income inequality. International debt stood at US\$32,229 billion, or 55 % of GDP (World Bank, 2001 p315). The tax burden had shifted from direct to indirect taxes, placing most of it on the shoulders of the poor. In 1990 8.6 % of the GDP was collected in taxes of which 7.9 % were indirect taxes (Gonzales de Olarte, 1998 p63). 15.8 % of GDP was public spending of which only 3.4 % went on social spending, as opposed to 5.1 % in debt repayments (ibid.)³⁸. In the same

³⁷ *Movimiento Revolucionario Tupac Amaru* a guevarista style guerrilla group.

³⁸ While these figures reflect Fujimori's policies from assuming power in July 1990, they reflect tendencies already apparent in the previous three years.

year unemployment stood at 8.3 %, and of the 61.3 % of the population economically active, it is estimated that 59 % of those were informal workers (ibid. p16/Grompone, 1990 p192). Most of these informals were recent migrants to the cities: in 1963 5 % of the electoral population lived in the shantytowns of Lima, by 1980 this figure had risen to 26.73 % and in 1986 it stood at 43.74 % (Grompone, 1990 p188).

Politically the party system which developed after the transition to civilian rule in 1980 never "managed to constitute itself" (ibid. p181). Disenchantment with García was not simply with the President himself, but with "the entire group of the political elite" (ibid. p183). Few democratic institutions retained popular legitimacy. In a survey done in 1989 only the Church, some professional associations, and the media had any credibility with the Peruvian public. Of those interviewed 73 % did not trust the Presidency, 75 % the judiciary, 76 % Congress, and 77 % the political parties (Reyna, 2000 p243). Popular organisation such as the unions, the student movements, and neighbourhood associations were losing their appeal in the face of the severe economic crisis, which created an increasingly atomised, family oriented and individualistic social context. New social organisation were concerned more with survival strategies and often served as clientelist vehicles for the political parties (ibid. pp186-187).

As the socio-cultural landscape of Peru was changing beyond recognition, becoming increasingly urbanised, modernised, informalised and racially mixed, much of this due to the economic policies of successive governments, the political system was failing to adjust to those changes. While Peru remained a mostly rural country it was possible to maintain the historical duality between Sierra and Costa, Creole and Indigenous, without that interfering too dramatically on the political level. In this way issues of race could be comfortably ignored working on the axiom of "out of sight, out of mind". Even as the Sendero war raged in the countryside, bringing thousands of mostly Indigenous Peruvian citizens to their deaths, the cities and Lima especially, carried on with their daily life unaffected for the most part, underlining the duality of the country. Yet the

violence was according to Manrique an "expression of a very profound social crisis (...) a product of the superimposition of multiple crises, generated at distinct moments in Peruvian history, which exploded simultaneously (...)" (Manrique, 2002 pp48-49). An important basis of these crises is the nature of the Peruvian State itself, which Manrique asserts, not only governs in support of the elite but against the majorities: "A minority State which governs for the minority, excluding the exercising of political power for the great majorities (...) minoritizing the majority" (ibid. pp57-58). Furthermore he continues, this power is exercised on the basis of a racist society "which nonetheless denies it, and colonial racist ideology has a fundamental importance in the organisation of domination, exploitation [...]" (ibid. p60).

Modernisation, however, began to upset the efficacy of this racist societal structure. In the first part of the twentieth century most Peruvian cities were Creole bastions little influenced by Indigenous customs. As Peru modernised, however, the Indigenous and mestizo, in effect the Sierra, began to move to the cities, changing their physiognomy and culture forever, the so-called process of *cholficación*³⁹. In 1960 46 % of Peruvians lived in cities, whereas 30 years later in the year of Fujimori's first election triumph, that number had increased to 70 %, much of these living in Lima (See Table II:1). Furthermore the majority of these migrants constructed their dwelling in new shantytowns which to this day ring the main cities. As urbanisation increased so the Indigenous and '*cholos*' (mixed race) became increasingly hard to ignore. Furthermore it was not long until Sendero brought the war to these shantytowns and to the heart of the capital itself.

Fujimori, a second generation Peruvian-Japanese (*nisei*), a university dean with no political background, capitalised on the new Peruvians which emerged from this process, taking advantage of what Di Tella (1965) termed a "disposable

³⁹ "The affirmation of new identities - not Indigenous but neither criollo or misti - in which ethnic, regional, class and citizen elements are inter-related.[...] a national articulation which respects ethnic-cultural and linguistic plurality; or alternative modernities, not necessarily equivalents to the dominant North Atlantic model" (Degregori in Grompone and Degregori, 1991 pp105-106).

mass" ripe for organisation. As the Left imploded, the Right galvanised and radicalised itself and APRA stood demoralised after the disaster of García, Fujimori quickly adopted these new Peruvians by filling the centre-left ground left vacant by APRA. The 1990 elections "brought to the fore previously ignored questions of ethnicity and race" (ibid. p191). Mounting an effective campaign at low cost directly aimed at the poor informal citizen, lambasting the white creole elite, and playing on his Japanese racial identity, all of this neatly summed up in his campaign slogan "Honour, Technology and Work", Fujimori won over the new Peruvians hungry for change and tired of war and poverty. As the election progressed so voting intentions became polarised along class and racial lines. Those who voted for Fujimori's movement, Cambio 90 were in the majority "peasants from the poorer provinces of the Andes, migrants who made Lima's peripheral barrios grow, labourers, street sellers, workers, workshop owners, teachers and other sectors of the impoverished middle class" (Grompone, 1990 p187). In other words "[...]he vote for Fujimori came overwhelmingly from the most battered pole of modernisation: the poor, provincial, Andean, *cholos* (mixed race) and Indigenous" (ibid. citing Degregori). The voters for the main opposition candidate, white, elitist and a famed writer, Mario Vargas Llosa, however, came primarily from "white collar workers (...) owners of medium to large businesses, taxi drivers who owned their own vehicles, and provincial notables [...]"(ibid.)⁴⁰. As in Venezuela, race and class became intertwined factors in Peruvian society which came to the fore as economic crisis set in, influencing the outcome of the election.

Modernisation processes in the twentieth century had brought about profound changes which highlighted and indeed enhanced the structural fractures inherited from the colonial era while at the same time encouraging

⁴⁰ At one stage in the campaign Vargas Llosa was to suggest that "it wouldn't be bad if Peru were like Switzerland" (Degregori in Grompone and Degregori, 1991, quoting Vargas Llosa p74) revealing the extent of elite fascination for European models of modernity and the gulf between the elite which he represented and the vast majorities of the country in their imaginings of possible futures for Peru.

struggles for their eradication. Education, industrialisation, and democratisation increased demands, expectations, and mobilisations from the popular sectors in support of inclusion and the granting of citizenry, which were only to be dashed and transformed with the onset of the crisis⁴¹. The crisis brought a massive surging of the informal economy creating a new social sector of *informales* into the economy, society and the electorate, which continued to seek recognition of their citizenship and could not be ignored. These developments created new demands, new cultures, new identities, while also exacerbating differences. As Grompone explains: "[E]specially in [the eighties] modernisation advanced deepening the differences between rich and poor, between Lima and the province, between the coast and the highlands and between light-skinned creoles on the one hand and '*cholos*' and Indigenous on the other"(ibid.) The attempts at modernisation by successive governments had exacerbated rather than healed Peru's historical structural fissures, baring its bones, creating demands for equality and citizenry from the popular classes, demands which were resisted or left unsatisfied by successive governments, ultimately preventing integration and the mass loyalty necessary for system survival.

These multiple breaches and fissures in the Peruvian body politic, emphasised and made more glaring by the situation of social and economic crisis, and the dire security emergency due to the Sendero War, opened the way for the emergence of a populist leader who could return the country to some approximation of normality, while encapsulating and capitalising on the social changes which had taken place in Peruvian society over the previous two decades. The inability of traditional politicians to provide answers to these dilemmas and keep up with these changes, worsened rather than improved the

⁴¹ Degregori (1991) sums up these mobilisations as follows: "the great social movements which transformed the face of Peru in the decades 1950-1980: the land confiscations, the struggle for education, the great migrations and the multiplication of residents associations, the trade union struggles, the regional movements, the great strikes of 1977-78, the movements of agricultural producers and the peasant militia (*rondas campesinas*), the massification of womens' organisations and not forgetting the emergence and development of the informal economy"(p77).

situation, opening a gap between what Canovan (1999) called the 'politics of redemption' and the 'politics of pragmatism', allowing for the emergence of a new form of populism which could offer salvation to a country in desperate need of the return of hope.

2.7 Comparative discussion

To sum up, I've attempted to prove three essential points in this chapter. Firstly that the Peruvian and Venezuelan states failed to secure legitimation according to the Habermasian model, and that this was due to the race/class cleavages in both societies preventing these states developing the abilities needed to secure that legitimation. Secondly, that this lack of legitimation left these states vulnerable to crises, preventing them from avoiding or managing crisis successfully. Finally it was crisis, brought about by the failure of modernisation processes, which provided the opening through which Fujimori and Chávez emerged.

In support of these arguments I've shown that both countries have underlying structural fractures which have been further complicated by transformations brought on by modernisation processes. Structurally both countries have bifurcated class systems based primarily on race, and dependent economies based primarily on the export of raw materials to core capitalist countries in exchange for capital and manufactured goods. The two factors of race and economic dependence provide the basic context in both countries in which decision-making on access to economic, social and political privilege is made. Whilst there are important differences in terms of racial homogeneity and cultural assimilation in both countries, and whilst patterns of economic dependency differ substantially due to the nature of their raw materials, nevertheless both countries broadly display these characteristics.

In Peru structural divisions are complicated by deeper racial and ethnic differences due to the presence of important ethnic groups of Quechua and Aymara speakers. Such differences are not so apparent in Venezuela with its levels of greater mixing and relative lack of linguistic and cultural barriers. Yet despite the relaxed racial barriers in Venezuela, it is the blacks and *pardos* who are disproportionately poor; in Peru the Indigenous and *cholos*. These lower income, darker skinned sectors in both countries were those hit hardest by the economic crisis of the 1980s and were the main electorates for Fujimori and Chávez. The higher income groups are mostly white and closely identified culturally, economically and politically with core country elites.

I have also illustrated in this chapter how Peru and Venezuela both embarked on rapid modernisation programmes in the latter half of the twentieth century, which led to greater wealth but did not impact sufficiently on social inequality to encourage integration (See Tables 1 and 2). Both societies became more urban, more industrialised, more educated and more dependent on the outside world. Yet paradoxically, as Germani, Ianni and Di Telia noted such advances caused a rising of expectations, greater awareness of social differentiation and a greater pace of social change in selected groups as other groups remain in more traditional contexts, in other words *asynchronism*. Change is experienced as conflict, and demands increase on the State to provide paths to modernity for larger groups of people.

In Venezuela this process was to an important extent satisfied by the State under the oil revenue based Punto Fijo regime, until the fall in oil prices in the early eighties (see Table 1). As the political architecture of Punto Fijo collapsed under the weight of economic crisis, inequality increased and the country became polarised first socially and then politically, between the mostly white privileged elite and the growing ranks of the mostly darker skinned non-privileged. Similar processes were apparent in Peru, although time scales were shorter. The GRFA accelerated modernisation and promoted social democratisation with popular sectors benefiting substantially, only to find that

these advancements were to be clawed back by succeeding governments. In both cases the result was mobilisation of popular sectors, with increased demonstrations led by the Left in Peru and more spontaneously organised in Venezuela. Despite this, living standards continued to decline as politicians failed to find solutions to the economic crises, which were largely driven by outside events, such as the oil shock and the debt crisis.

It was these crises, systems crises leading to 'legitimation crises' which paved the way for the emergence of Fujimori and Chávez. Reyes (1998) argues that Habermas' theory of legitimation crisis is only applicable to those sectors of society in a developing country that are *integrated* into the reigning social, economic, political and cultural system, that is those who pay taxes, benefit from State services, vote and accept cultural values of competition and social advancement etc. However, in this chapter I've shown firstly how in Peru and Venezuela large groups are permanently marginalised from societal structures, based on the historical fissures already described, but secondly that further large groups *were* integrated but were then *excluded* due to the economic crises experienced in both countries. For example the Venezuelan middle class constituted around 40 % of the population in 1989; by 1999 it has shrunk in size to around 10 % (Hellinger, 2003 p38). GNP per capita fell substantially in both countries in the eighties, after gains in the sixties and seventies (See Table 1). The informal sector now encompasses the majority of workers in both countries, many of whom once had jobs in the formal sector.

In this sense, Habermas' theory of legitimation crisis is applicable because politicians were seen by these groups to fail on all three levels. On the economic level both States eventually failed to provide the necessary measures that would encourage growth and so ensure mass loyalty to the system. On an administrative level the State failed to raise sufficient taxes to provide services benefiting the majority of citizens, such as health, education etc. and thus again ensuring the requisite mass loyalty. Finally while the State did provide material rewards (motivations) for many groups therefore giving it legitimation, this led

to increasing expectations which as economic crisis set in, could not be fulfilled in the end. The combination of the failure of integration of large sections of the population due to the historical fissures inherent in the socio-economic systems in both countries and the marginalisation of many of those integrated into those systems due to multiple crises, resulted in societies which could not develop comprehensive robust systems to withstand crises, leaving both Venezuela and Peru divided, fragile and vulnerable to external shocks.

These shocks caused crises which were characterised by radicalisation and social and political polarisation of the population, an increase in support for alternatives to established political elites, a decline in support for "traditional" parties, and an increased mobilisation of popular and middle sectors, which in Peru broke out into armed struggle. As elite politicians in both countries sought to pragmatically reform the system, with the 1979 Constitution in Peru and COPRE in Venezuela, the population eventually sought redemption in outsiders who would not reform but *transform* the system and restore the land of promise⁴². Furthermore the choice facing the Peruvian and Venezuelan populations was not just between "outsiders" and political elites, "movements" and established parties, radical or gradual change; it was also between economic and political models. In these cases preferences broke down along class lines. The majority of people showed ambivalent preferences for democracy over authoritarianism, and change over continuity. Popular sectors, however, preferred State intervention over neoliberalism, but within the context of political change. In other words popular sectors in both countries wished for continued popular economic and political participation, but that change should further rather than hinder that aim. On the other hand, middle and upper sectors favoured change as well but tended more towards liberal democratic models within neoliberal economic projects: in Peru with Vargas Llosa's FREDEMO and in

⁴² By 1998 63 % of the Venezuelan population sought "radical changes" to the system rather than "partial reforms". Amongst models admired by Venezuelan people Fidel Castro was popular amongst lower income sectors, while Alberto Fujimori was preferred by middle and upper middle sectors (Hellinger, 2003 p35 and p38).

Venezuela in 1998 with candidates such as Irene Saez and later Henrique Salas Römer⁴³. Social polarisation was therefore broken down along class lines with political representations representing differing, though not entirely defined, economic and political models.

Chávez and Fujimori reflected an awareness of this crisis of legitimacy in the existing models by offering both change and continuity to the electorate and both won their respective elections for that reason. On an economic level both men in their discourse played on the respective economic crises in their countries and recognised the challenges of globalisation. In the face of uncertainty and chaos both men offered economic continuity with the state playing a fundamental role within the context of a greater engagement with modernity but one guided by national, not international, needs. Fujimori offered a centrist option with little change in the economic model, with continuities in State supports. Chávez too offered continued State support and ownership of key industries, particularly the all-important oil industry. Globalisation would be engaged with but from a position of strength.

Socially, culturally and politically there was a recognition from both men that the present social elites did not reflect the racial make up or social values of the majorities. Instead Fujimori and Chávez came from outside the traditional elites both racially and culturally, and gave a more central role in their discourse to the knowledge and values of the 'pueblo'. Politically they promised greater inclusion of the majorities in decision making processes and substantial change on the political front, by the replacement of the political class. By being non-white and offering a racially inclusive vision and an antagonistic view of the current political class, both offered the possibility of a regeneration of the political system which reflected better the social make up of their respective

⁴³ Ex-Miss Universe transformed into 'successful' mayoress of wealthy Chacao district of Caracas. Saez topped the opinion polls for a substantial period on an independent ticket but her popularity waned rapidly as she was endorsed by COPEI. Salas Römer, also an independent and governor of Carabobo state, launched his presidential bid on a market reformist, technocratic ticket, but lost to Chávez's anti-neoliberal programme.

countries. Both men recognised that their respective electorates had no further respect for the existing democratic institutions as they were seen as unrepresentative of their interests. Both therefore offered more "democracy" but with a central strong figure offering more security in an uncertain national context suffering violence and chaos. Both men offered more efficient and authoritative "steering mechanisms" in the face of a discredited ruling elite and a political system lacking legitimacy that had shown itself incapable of reform.

Conclusion

The language of crisis was therefore central to the discourse of both presidents, and through their actions they offered quick and decisive solutions. The following three chapters will examine that discourse and those actions more closely, using Habermas' structure, to show how both leaders offered more inclusiveness and participation in order to seek the legitimacy which the regimes they replaced so clearly had failed to achieve. The next chapter, Chapter 3, will examine and assess how both men recognised the economic exclusion of the many exacerbated by the previous regime and attempted to remedy that by furthering the economic and social participation of the popular classes. In Chapter 4 we examine how both men used the illegitimacy of the preceding regimes in their discourse to gain power, and the strategies they used to attempt to establish political and cultural hegemony in their respective countries. In Chapter 5 we will assess both regimes' relationship with democracy, comparing it to classic conceptions of liberal democracy supposedly embodied in the regimes replaced by them, and the influence of authoritarianism within them, thus furthering our examination of the political sphere. The theme of popular participation cuts across all three chapters and how both men achieved this if at all. In doing so elements from all three levels are present in all three chapters, but with an especial emphasis in Chapter 3 on the economic and social, in Chapter 4 on the cultural and the political and in Chapter 5 on the political. In this way I aim to show how far both leaders were conscious of the crisis of

legitimacy of the democratic regimes previous to their rule and to what extent they presented an alternative to them in order to achieve legitimacy.

Table II.1: Selected Development Indicators Peru/Venezuela 1960-1999

Indicator	Country	1960-1970	1970-1980		1980-1990	1990-1999
GDP (Av. Annual Growth Rate %)	Peru	4.9	3.0		- 0.3	5.4
	Venezuela	6.0	5.0		1.0	1.7
GNP (per capita. Av. Ann. Growth Rate %)*	Peru	N/A	(1960-1980) 1.1		(1980-1992) - 2.8	1.7
	Venezuela	N/A	(1960-1980) 2.6		(1980-1992) - 0.8	- 6.8
Inflation (Av. Ann. Rate %)	Peru	10.4	30.7		233.9	28.7
	Venezuela	1.3	12.1		19.3	47.6
Debt (Millions USUS\$)	Peru	(1970) 856	(1980) 6,204		(1990) 21,105	(1998) 32,397
	Venezuela	(1970) 728	(1980) 10,867		(1990) 33,305	(1998) 37,003
Health Expenditure (%Tot. Govt Exp.)	Peru	N/A	(1972) 6.2	(1981) 5.3	(1990) 5.1	(1990-1998) 2.2
	Venezuela	N/A	(1972) 11.7	(1981) 7.3	N/A	(1990-1998) 3.0
Education Expenditure (%Tot. Govt. Exp)	Peru	N/A	(1972) 22.7	(1981) 11.3	(1990) 16.2	(1997) 2.9
	Venezuela	N/A	(1972) 22.7	(1981) 18.3	N/A	(1997) 5.2
Industrialisation (Av Ann. Growth Rate % GDP.)	Peru	5.0	3.7		- 1.2	6.7
	Venezuela	4.6	3.0		1.5	2.6
Urbanisation (Av. Ann. Growth Rate %)	Peru	(1960: 46%) 4.9	(1980: 67%) 4.2		(1990: 70%) 3.1	(1999:72%) N/A
	Venezuela	(1960: 67%) 4.7	(1980:83%) 4.2		(1990: 84%) 2.8	(1999: 87%) N/A

Sources: World Bank *World Development Reports: World Development Indicators* 1983/1992/1994 Oxford University Press: Oxford
 And World Bank (2001) *World Development Report 2000-2001* Oxford University Press: Oxford. Downloaded 22.08.03 at
<http://www.worldbank.org/poverty/wdrpoverty/report/index.htm>

* According to UNDP/OCEI Venezuelan Average Income fell from US\$5192 in 1990 to US\$2,858 in 1997.

Table II.2: Distribution of Income Peru Venezuela 1970-1999: Selected Statistics

Peru										Venezuela									
Year	Lowest 20%	2nd Quintile	3rd Quintile	4th Quintile	Highest 20%	Highest 10%	Gini Index	Poverty %	Indigence %	Year	Lowest 20%	2nd Quintile	3rd Quintile	4th Quintile	Highest 20%	Highest 10%	GIN Index	Poverty %	Indigence %
1972	1.9	5.1	11.0	21.0	61.0	42.9				1970	3.0	7.3	12.9	22.8	54.0	35.7			
1985-86	4.4	3.5	13.7	21.5	51.9	35.8				1987	4.7	9.2	14.0	21.5	50.6	34.2			
1996	4.4	9.1	14.1	21.3	51.2	35.4	46.2			1996	3.7	8.4	13.6	21.2	53.1	37.0	48.8		
1999*							54.5	48.6	22.4	1999*							49.8	49.4	21.7

Statistics compiled from World Development Report Indicators in World Bank *World Development Reports* 1979/1991/1995/1996/1998-99/1999-2000 Oxford University Press: Oxford and World Bank (2001) *World Development Report 2000-2001* Oxford University Press: Oxford. Downloaded 22.08.03 at
<http://www.worldbank.org/poverty/wdrpoverty/report/index.htm>

* Statistics for 1999 from ECLAC (2002) *Panorama Social de América Latina 2001-2002* Anexo Estadístico downloaded on 28/08/03 at
http://www.eclac.cl/publicaciones/DesarrolloSocial/3/LOG2183P/Anexos_2002.pdf

3 CHAPTER 3: Populism, globalisation and the socio-economic policies of Fujimori and Chávez

3.1 Introduction

In the previous chapter, the lack of legitimacy of democracy and democratic institutions, due to social divisions along race/class lines and economic dependency, was identified as a key aspect in the emergence of populism. Habermas' theory of legitimacy crisis was used as a comparative model to show how the democratic regimes in Peru and Venezuela, preceding the emergence of Fujimori and Chávez, failed to achieve popular legitimacy. Fujimori and Chávez exploited this lack of legitimacy and presented alternative models seeking to further participation of the popular classes and thus gain the legitimacy denied the democratic regimes they replaced. This chapter will examine these projects in order to analyse and assess to what extent this legitimacy was gained on the socio-economic level. I will use Susan Strange's four structures - finance, production, security and knowledge - as the basis of this chapter. In this way I aim to place this discussion within the wider context of globalisation. Discussions on the politico-cultural and political spheres of Habermas' (1976) theory will be reserved for Chapters 4 and 5.

3.2 *Populism in a globalised age*

3.2.1 Introduction

Populism is usually associated with specific policies based around State interventionism and distributivism. So-called 'classic' populist governments, of the period 1930–1970, implemented policies of ISI, state ownership of key industries, and distributivist policies towards key popular sectors, especially the urban working class. In this way, the leaders of these governments built up strong relationships with the people, as well as fostering cross-class coalitions closely linked to the model. The emergence of globalisation and neoliberalism

ostensibly condemned such policies to the dustbin of history, as analysts such as Dornbusch and Edwards (1991) or Sachs (1990) complained of their fiscal irresponsibility and inflationary characteristics.

In Chapter 1, however, it was argued that such policies should not be specifically associated with populism, although they are often found within populist government policies. First, it was argued that the nature and intensity of such policies varied widely in governments identified as populists, depending on the type of government, be it more authoritarian or democratic, based primarily on rural or urban support, and/or depending on the level of development already reached (Dix, 1985). Drake argues that even within individual populist movements different currents existed which emphasised some policies or ideologies more than others (1982 p234). Second, it was argued that State interventionist and distributive policies were not that unusual for the time, with the role of the State in the economy being prominent in both the developed and developing world, not to mention of course in Socialist countries.

As more states in Latin America began to adopt neoliberal policies it was thought that populism, specifically identified with State interventionism, ISI, and distributivism, had been eradicated from the region. Yet the State continued to have a strong, albeit changed role in Latin America, acting as a major agent in implementing Structural Adjustment Programmes (SAPs), and as principal regulator of the economy, and promoter of private enterprise, rather than as a primary investor, as in the previous model. And within this context the leader emerged in a number of countries at the apex of the State, implementing neoliberal policies in a radical fashion, while forging strong links to the people partially through limited distributionist or assistentialist policies aimed at ameliorating the negative effects of the new model, in what Weyland (1996) called 'neopopulism'. Populism, at least as a political strategy for ensuring continued support for the leader, was seen to continue even under neoliberalism.

Therefore, it would seem that some form of distributive policy is a characteristic of populist governments, although these policies are not specific to

populism, but are instead framed by the international political economy of the time. Populism rather adapts itself to the new circumstances, articulating itself to different ideologies or mix of ideologies, as Laclau (1977) argues. Populist leaders try to reconcile the demands of the international economy with the demands of their social base for more participation. As evidence of increasing inequality mounts after a decade of neoliberal reform, the pendulum seems to be swinging back as some populist leaders emerge lambasting neoliberalism and seeking to implement more equitable social and economic policies, with more emphasis on State intervention and distribution of wealth.

Populism, therefore, needs to be studied within a framework of international political economy, as well as in its national and regional contexts, in order to understand its genesis and manifestations. In this chapter I use an international political economy approach for an examination of the policies of both presidents. Such an approach allows us to place the object of study within wider structures and frameworks (Kirby, 2003 p12). One of the best-known and most accessible IPE frameworks is found in Susan Strange's (1994) *States and Markets*.

Susan Strange's (1994) framework of analysis for international political economy is based on four basic values: (i) wealth; (ii) security; (iii) freedom; and (iv) justice. Each society, she maintains, gives different weighting to each of these values, which in turn affects the balance between the State (authority) and the market in that society. Strange's analytical framework is based around a number of key questions, which can be summed up in the question: *Cui bono?* Who gets what? Who benefits? Who loses? In order to answer this question Strange encourages us to investigate who has power and what the source of that power is. Power, she argues, may not necessarily lie within the State, but in other structures such as international organisations (IOs), transnational corporations (TNCs), NGOs, and the media, amongst others. It is necessary therefore to abandon State-bound views of power and concentrate instead on its distribution in the four essential structures in which the values of wealth,

security, freedom and justice are constructed: finance, production, security and knowledge. We must ask ourselves who has control over these four structures when seeking out the ownership and source of power.

What does Strange mean by each of these four structures? The production structure is, according to Strange, "...the sum of all the arrangements determining what is produced, by whom and for whom, by which method and on what terms" (ibid. p64). Thus, under this heading what is examined is labour, industrial production and wealth, in other words "...what creates wealth in a political economy" (ibid.). This structure has been influenced by two great changes which now affect most of the States of the world: a change to a demand-led market economy, in other words capitalism, and more recently, a change from production geared to national markets to one geared to global markets.

The financial structure is, in a nutshell, credit availability and currency values (ibid. p90). This structure has the power to "...allow or deny [...] people the possibility of spending today and paying back tomorrow, the power to let them exercise purchasing power and thus influence markets for production, and also the power to manage or mismanage the currency in which credit is denominated, thus affecting rates of exchange with credit denominated in other currencies" (ibid.). Governments and banks share these powers, and the structure is both local, because of currencies being local in origin, and global, due to the technologisation of transactions and financial markets.

The security structure in political economy, she asserts, "...is the framework of power created by the provision of security by some human beings for others" and is usually built around the institution of the State in each country, and globally in association or in competition with other states (ibid. p45–46). The security structure, however, does not simply entail protection from "...sudden unnatural death", but also from hunger, disease, disablement and other hazards, and involves the distribution of security amongst the different groups in society (ibid. p47).

Finally, "...[the knowledge structure] comprehends what is believed (and the moral conclusions and principles derived from those beliefs); what is known and perceived as understood; and the channels by which beliefs, ideas and knowledge are communicated – including some people and excluding others" (ibid. p117). Furthermore, "...[it] determines what knowledge is discovered, how it is stored, and who communicates it by what means to whom and on what terms" (ibid. p121). This power is diffused and unquantifiable, and has been subject to changes in the provision and control over information and communication systems, in the use of language, and in the fundamental perceptions of and beliefs about the human condition which influence value judgements, and consequently political and economic decisions and policies (ibid. p120). The next two sections will use Strange's four structures to examine both our case studies more closely.

3.3 *Globalisation processes and populist distributivism in Fujimori's Peru*

3.3.1 Introduction

In 1990, on coming to power, the new government led by Alberto Fujimori began the implementation of a Structural Adjustment Programme (SAP), despite election promises to the contrary. This programme was adopted at the insistence of the International Financial Institution's (IFIs), as Fujimori did not have an alternative programme. The Peruvian SAP implemented by the Fujimori government was what Gonzales refers to as "an extreme model of adjustment for efficiency" (1998 p41). According to Gonzales, such a programme is based around two primary objectives: the reduction of inflation and the maximisation of production and international debt repayment. These objectives were realised with a minimum of state intervention and with a maximum bias towards the market as the institution that assigns resources (ibid.). The programme was implemented in four main stages:

- 1) August 1990–January 1991: The so-called 'Fujishock'. It involved drastic price stabilisation measures: inflation reduction, restoring fiscal health and the health of the international reserves, and commercial and financial liberalisation;
- 2) February 1991–December 1992: This stage was dominated by an economic reform 'package' implemented by Carlos Boloña, Minister of Finance, through 923 decree laws;⁴⁴
- 3) January 1993–March 1996: During this period the inflation rate came down, as did the fiscal deficit, the privatisation process was put into effect, and there was spectacular growth right up to 1995. However, there was also an appreciation of the exchange rate, a current account deficit in the balance of payments, a deficit in savings in relation to investment, as well as unemployment and under-employment, and a failure to modernise public institutions (ibid. p45);⁴⁵
- 4) April 1996 to 2000: This period was dominated by an orthodox readjustment and its effects. During this period the SAP began to suffer from various blockages and to show signs of crisis. The readjustments, however, brought little growth, and a renegotiated restructuring of the international debt ended up favouring creditors, as it raised the amount of debt and the level of payments, due to the institutional weakness of the State in defending Peruvian interests (ibid. p46).

In the following four sections I will examine the principal measures taken by the Fujimori government from the perspective of Strange's four structures: finance, production, security and knowledge.

⁴⁴ This period included the so-called "self-coup" of April, 1992. Boloña's continued support for the government through the coup was vital for keeping the international financial community and foreign governments on board (ibid. p43).

3.3.2 Finance

The Fujimori government liberalised the financial sectors in a number of ways. In January 1991 it reformed the national currency, creating the *nuevo sol*. It liberalised the currency markets, allowing the Peruvian currency to float freely against the dollar. The Central Reserve Bank of Peru (*Banco Central de Reserva del Perú* [CRBP]) was allowed to intervene to ensure monetary stability, but only by using market mechanisms to inject or take out liquidity.

The removal of restrictions on banking in dollars, along with the above measures, contributed to a greater dollarisation of the economy.⁴⁶ This helped minimise the exchange rate risk, but reduced the central bank's room for manoeuvre in regulating the money supply or influencing problems in local industry which arose as a result of competition with the external market (Iguiñiz, 1998 pp.31–32). The result was a stable, but overvalued national currency, which favoured multinational and privatised companies, foreign creditors and imports, but worked against local industry and agriculture, and helped form a current account deficit (Pascó-Font and Saavedra, 2001 p64).

Monetary policy was eventually framed within the Constitution of 1993, which established the CRBP as autonomous within its own Organic Law with a purpose to preserve monetary stability. The CRBP is constitutionally prohibited from financing the public sector, to give guarantees, or sectoral credits, or to establish multiple exchange rate regimes (Pascó-Font and Saavedra, 2001 p57).

Ownership of banks was almost entirely privatised, and while this move and other reforms helped prevent a banking crisis, it did not result in any marked diversification in institutions or instruments.⁴⁷ Furthermore, the privatisation and liberalisation of the banking system, along with the closure of state-run sectoral banks, led to a greater concentration of financial services among (especially

⁴⁵ This period, although led by Jorge Camet as Minister of Economy and Finance, was, according to Gonzales, essentially directed from Washington through foreign-trained Peruvian officials who sometimes came directly from the IMF and World Bank (ibid. p44, note 5).

⁴⁶ By 1996 75% of bank deposits were in dollars, and 74% of loans (Iguiñiz, 1998 pp.31–32).

⁴⁷ The privatisation of banks tended to promote concentration, and between 1990 and 1993 the number of banks fell from 23 to 17 (Iguiñiz, 1998 p31).

richer) urban areas, directed at the top decile of earners. For the majority of Peruvians, credit facilities remained out of reach and schemes run by NGOs to attempt to compensate for this remained limited in coverage (ibid. p201).

There was also a full liberalisation of capital flows abroad, the free opening of bank accounts in the country by national and foreign agents, as well as accounts abroad by Peruvian nationals, and the free holding of accounts in foreign currency. Exporters and importers no longer had to notify the Central Bank of currency movements, and movements in the Stock Exchange were liberalised (ibid. p73). It was hoped that from these and other reforms that financial markets would become freer and more efficient, and growth would ensue. Part of that hope was to promote foreign investment and domestic savings (ibid. p74). However, while foreign investment grew, savings fell: between 1993–1997 savings were an average of 23% of GNP, while in 1999 they were 18.3%, and in 2000 17.7%. This, according to Francke, stops the generation of autonomous, sustainable growth (2001 p11). Furthermore most savings were in effect forced savings, as Peruvians were not allowed to cash their CTS (*Compensación Temporal de Servicio/Time of Service Compensation*)⁴⁸ or privatised pensions until retirement (Gonzales, 1998 p52).

All subsidies, and many tax breaks to industry and agriculture were removed. Instead, the government concentrated on lowering tax levels while widening the base of tax contributors, and modernising collection procedures (Pascó-Font and Saavedra, 2001 pp.64–65). IGV (*Impuesto General a la Venta/General Sales Tax*) rates were raised, collection increased, and a series of exonerations and special regimes in that tax were removed. There was an attempt also to incorporate the informal sector into the tax base. Tax bands were simplified: businesses and high earners paid 30%, and low earners 15% (ibid. p66). The policy apparently paid off as collection went up from 7% at the end of

⁴⁸ This is a form of unemployment benefit, consisting of one salary per year paid in by the employer to a special bank account in the employee's name.

the 1980s to 14% in 1997, and contributors went up from 558,570 in 1993 to 1,877,858 in Dec 1997 (ibid.).

However, tax coverage remains low as sectors where investment is encouraged, such as privatised companies, enjoy many tax breaks.⁴⁹ Francke maintains that this discriminates against industry and small and medium businesses, and against workers who, in 2000, paid more than businesses in tax. In sum, employment-creating businesses have had their growth limited and state funds for public spending have been reduced (2001 p12). Iguñiz points out too that, while the numbers of registered taxpayers increased, the numbers who actually pay remain small.⁵⁰ Tax take remains low in comparison with other countries in the region and globally, and there is a greater reliance on sales tax and foreign trade for tax income.⁵¹ "The forms of income which are least stable in developed countries are precisely those which are the most important in Peru" (1998 p38).

The implementation of reforms allowed Peru to re-enter the international financial community and restructure its international debt. Deals with the Paris Club (1992/1996) and the Brady Deal (1997), brought greater financial stability to the economy as its risk indicator dropped and foreign financial investment felt more secure. However, debt went up, from US\$19,996 million in 1990 to US\$28,279 million in 1997, and average repayments were high at US\$1,841 million per annum, or a quarter of exports, from 1997 onwards (Gonzales, 1998 pp.77–78). "[G]rowth therefore depends almost exclusively on private investment, above all on foreign investment...as public investment will be

⁴⁹ Such as the elimination of export taxes, paying only half of income tax (15%), and stability agreements, which prevent these exemptions being removed or new taxes being placed on them. Furthermore, the financial sector does not pay IGV on interest and the Stock Market profits are not subject to any tax at all. There is no tax on personal inheritance and people on high income are taxed at 30%, half of what it was previously.

⁵⁰ For example in 1997, there were 1,637,000 registered taxpayers, or 20% of the labour force, but only 8% of the labour force, or 448,500 taxpayers, actually paid tax.

⁵¹ Income tax in Peru in 1994 generated 20% of total revenue, as opposed to 32.5% in Latin America and 33.9% in OECD countries. Sales tax and selective consumption tax raised 65.3% of tax income in the same year and foreign trade accounted for 12.3% of tax income as opposed to an OECD figure of 0.89% (Iguñiz 1998 pp.37–38).

relatively reduced due to the compromise of reducing the external debt" (ibid. p87). Furthermore, Iguñiz (1998) maintains that the government couldn't cut debt repayments because of its dependence on international credit and the good will of the IFIs, "...[t]he rigidity with regard to debt payment was thus structural" (1998 p38). The only adjustment options open, therefore, are to decrease capital spending, increase direct taxation and/or reduce taxes on foreign trade (ibid. p38).

3.3.3 Production

The measures implemented in the production structure created a State dedicated to the encouragement of the market, rather than State protagonism in the economic system. These new tendencies were institutionalised in the Constitution of 1993, which defined the State as subsidiary to the private sector and as a promoter of private initiative. This change in the role of the State was achieved through three processes: privatisation of public companies; the development of an institutional framework of regulation and the promotion of free competition (Pascó-Font and Saavedra, 2001 p85).

The privatisation process in Peru was put in place by February 1992, through various decree laws. Public companies were sold off to the value of US\$8,917.1 million by 1999, with projected investment of US\$7,203 million (Pascó-Font and Saavedra, 2001 pp.90–91).⁵² Furthermore private companies were increasingly involved in electricity and water provision and distribution, either through ownership of companies or through contracts. As the State withdrew from production, it began to institute a number of regulatory agencies for the newly privatised or semi-privatised services.⁵³

⁵² By 1997 private capital flow into Peru represented 5.1% of GNP, 1% below the regional average (Pascó-Font and Saavedra, 2001 pp.90–91).

⁵³ Some of the best known of these regulatory services are: INDECOPI (*Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual*/National Institute for the Defence of Competition and the Protection of Intellectual Property), OSIPTEL (*Organismo Supervisor de la Inversión Privada en Telecomunicaciones*/Supervisory Organism of Private Investment in Telecommunications), with sister organisations in Energy (OSINERG) (which was complemented by the energy price regulator CTE - *Comisión de Tarifas Eléctricas*/Electricity

From the initial measures in the *Fujishock* of 1990, tariffs had reached an average level of 13% by 1997. As a result, imports of consumer goods increased fivefold from US\$338.3 million in 1990 to US\$1.85 billion in 1996, an annual rate of increase of 27.4% – well above the average increase in the growth of domestic production (Abugattas, 1998 p65). Most restrictions on exports were removed and an agency was set up to promote them (Prompex) in 1996; however, the results of these efforts were modest (Pascó-Font and Saavedra, 2001 p82).

A flexibilisation of the job market was implemented, with a reduction in personnel in the public sector, which was further reduced by privatisation, deregulation of the minimum wage, and wages being linked to productivity. Availability of temporary contracts was increased, their variety widened, and, after 1995, costs of inscription were reduced to zero. Businesses were allowed to hire young adults (under 26) as 'apprentices' with lower rates of pay. The Constitution of 1993 abolished labour security completely, replacing it with protection norms against unjustified dismissal for salaried workers and compensation was reduced. Dismissal procedures for 'just cause' were simplified and reduced (Pascó-Font and Saavedra, 2001 pp.100–101). Restrictions on union activity were introduced which, along with increased use of temporary contracts, led the numbers in unions to reduce even further from their already declining levels.⁵⁴

All sectoral development banks such as the Agriculture, Mining, and Industrial banks were liquidated and the banking system was almost totally privatised. Indeed, in effect there was no sectoral support policy, as the 1996

Pricing Commission), Transport (OSITRAN), and the SBS (*Superintendencia de Banca y Seguros*/Superintendency for Banking and Insurance).

⁵⁴ Such as allowing more than one union to organise in each workplace, changing wage bargaining from sectoral to company based bargaining, and removing the right to strike pay. The percentage of private sector salaried employees who worked in businesses with union representation went from 30% in 1987 to 6% in 1997. In the public sector it declined from 75% in 1990 to 34% in 1997. Underemployment and attacks on trade unionists by both Sendero Luminoso and the security forces further discouraged trade union membership (Pascó-Font and Saavedra, 2001 p103).

budget dedicated only 0.69% of GNP in total to the ministries of Agriculture, Fishing, Energy and Mines and Industry representing 45% of GNP. This was barely 5.8% of the total of public spending and indeed Industry alone received only 0.06% of GNP (Gonzales, 1998 p67). In agriculture a market in land was encouraged and restrictions on land ownership were removed.

These measures had a number of effects on industry, agriculture, services and employment. National products became more expensive than imports due to tariff reductions, domestic prices rises, raised production costs, and a tighter domestic market due to reduced family resources (Abugattas, 1998 p65). Production did increase to levels above the late 1980s, but by the end of the decade there was little variation in the participation of industry in the economy, as it went from 15.6% of GNP in 1990 to 14.9% in 2000 (Pascó-Font and Saavedra, 2001 p120). While this stagnation did reflect historical trends, and whilst industry retained its share of GNP, it cannot be said that the reforms led to a revival of industry in Peru.

Indeed, Abugattas points out that manufacturing passed to having a subsidiary role in the economy, dependent on the performance of other sectors such as construction, fishing, non-tradables and the production of primary goods. Industries such as electric appliances, radios and televisions, fertilisers and crop sprays disappeared, for example, as construction, food, textile and knitwear industries grew (1998 pp.76–77).⁵⁵ Furthermore, there was a tendency towards mergers and acquisitions, with 100 of these between 1993 and 1997. FDI increased, but often towards existing firms rather than new projects, and industry received little of it.⁵⁶ Therefore, in sum, while Pascó-Font and Saavedra can rightly insist that manufacturing's share of the economy remained constant, the nature and much of the ownership of industry had changed to one based increasingly on primary products, and increasingly owned by foreigners.

⁵⁵ While the industrial sector grew as a whole by an average of 5% between 1990 and 1997, growth was more notable in the food processing industry at 6.4% (Abugattas, 1998 pp.76–77).

⁵⁶ FDI was mostly in the areas of petroleum, fats and oils, and confectionery, which took up almost half of all FDI in this period, most of that being through acquisitions.

In agriculture, government land reforms sought to open up the market in land in order that it could provide guarantees for credit. However, there was little movement in the land market, due to structural difficulties such as the lack of land titles for many owners, a lack of credit from private banks, and cheaper imports (Gonzales, 1998 p54). There were some notable successes in agricultural production and exports, such as in asparagus or mangoes, but by and large agriculture remained stagnant during this period (Pasco Font and Saavedra, 2001 p83).

Privatisation policies led to great changes in the structure of ownership and cost of services. By the end of the 1990s much of what were once public services, namely telecommunications, water and electricity had been privatised or had strong private sector involvement. According to Pascó-Font and Saavedra (2001), privatised companies grew more rapidly, improved the quality of their services more, and extended their coverage more than State companies. Gonzales points out, however, that privatisation mostly benefited foreign capital and the government. Mostly foreign firms bought up privatised companies, while the government kept the proceeds as a reserve fund. As Gonzales emphasises, "...[f]or the moment, privatisation is reduced to the privatisation of profits without a corresponding rise in social benefits" (1998 p57). While the poorest did gain through privatisation in terms of access to services, those who already had these services found themselves losing due to higher tariffs⁵⁷ (Pascó-Font and Saavedra, 2000 p208).

Employment in Peru during the Fujimori years was characterised principally by underemployment, casualisation and informalisation of the workforce, lower pay and more precarious conditions for the bulk of Peruvian workers. Unemployment and underemployment increased slightly, with the latter

⁵⁷ Services such as telephones, electricity, and gas went from a public to a private monopoly, leading to substantial price increases. Prices increased in electricity from 100 in 1989 to 183.3% in 1996 and telephones from 100 to 200% for the same period (Gonzales, 1998 p57).

affecting around three-quarters of the workforce.⁵⁸ Temporary contract work doubled during the decade, as formal employment decreased to over half the EAP.⁵⁹ Strikes declined, as there was a notable movement of resources from workers to capital.⁶⁰ Employment moved from larger manufacturing firms and agriculture to commerce, restaurants and hotels.⁶¹

In sum, as Gonzales puts it, there was "...a rise in independent workers, a reduction of public and industrial employment, and stagnation of rural employment...In general there is a stagnation of salaries for the labour force, and a tendency to inequality of remuneration and a greater uncertainty in labour stability" (Gonzales 1998 p117). Pascó-Font and Saavedra seem to agree with this assessment (2001 p133). However, while Gonzalez insists that this situation has resulted in Peruvians not trusting the neoliberal model (op. cit.), Pascó-Font and Saavedra maintain that it is not the model that is at fault, but the application of the model (op. cit.). Francke, however, has no doubt where the blame lies: "Neoliberal economic policy has not managed to generate employment or incomes at the necessary rhythm to significantly reduce income poverty in Peru..." (2001 p25). The constant state of agitation amongst workers and ordinary citizens during the presidency of President Alejandro Toledo (2001–present) would tend to support Gonzales' view. Furthermore it is particular aspects of the model that have generated much of this protest, in particular the

⁵⁸ The average level of unemployment in Peru from 1992–2000 was 8.5% compared with an average between 1986 and 1991 of 6.6% (Pascó-Font and Saavedra, 2001 p138).

Underemployment increased from 73.1% in 1990 to 76.3% in 1995 (Gonzales, 1998 p117)

⁵⁹ In 1990 10.4% of the 54.4% of employees in formal private employment were temporary, but by 2000 24.3% were temporary out of the 45.5% of the workforce in such employment (Pascó-Font and Saavedra, 2001 p173)

⁶⁰ Strikes decreased from 11.6% of total man-hours in 1990 to 8.9% in 1995. In 1989/1990 profits were 64.6% of national income and pay 34.4% but by 1996 profits increased to 77.8% while pay fell to 21.2% (Gonzales, 1998 p113). Furthermore between 1990 and 1996 the minimum wage was reduced by 30%.

⁶¹ Between 1990 and 1995 employment in larger manufacturing firms fell by 26%, losing around 25,000 jobs in 248 firms, contributing to the rise of underemployment (Abugattas, 1998 p71). Employment growth instead was in commerce, restaurants and hotels (Pascó-Font and Saavedra, 2001 p150), while employment in agriculture fell by 10% (ibid. p154). Pascó-Font and Saavedra, however, state that falls in industrial production and employment reflect historical tendencies

attempted privatisations of some utility companies, such as electricity companies, and large enterprises such as the state oil company, Petroperu.⁶²

3.3.4 Security

The Fujimori government's response to welfare security was shaped by a number of centralised state agencies set up specifically to tackle poverty. In 1991 the Fujimori government established FONCODES (*Fondo Nacional de Compensación y Desarrollo Social*/National Fund for Compensation and Social Development) an autonomous organism of the Presidency of the Republic. Its aim was to respond to extreme poverty through social support programmes, infrastructure and productive development. In 1992, the government reactivated the Ministry of the Presidency (MIPRE) with the aims of providing direct assistance to the poor, social infrastructure and economic infrastructure.⁶³ MIPRE came to control 25–35% of the total government budget; yet, while spending increased substantially, it still remained relatively low at US\$13 for every poor person between 1991 and 1995 (Gonzales, 1998 p62).

The focalised nature of these programmes allowed the President high levels of discretion in prioritising spending over established ministries. Targeted populations were based on identified geographic areas with low levels of nutrition, education and access to basic services. These groups proposed projects and monitored them through participative structures. As a result, through these programmes, direct links were made between these populations and the president himself.

rather than being a direct result of the Fujimori economic model, an opinion supported by Abugattas (op. cit.).

⁶² See Carrasco, 2002 for details of nature and cause of protests in the first year of Toledo's government.

⁶³ MIPRE also controlled local regional administrative units CTARs (*Comités Transitorios de Administración Regional*/Regional Transitory Administrative Committees), and other important programmes such as PRONAA (*Programa Nacional de Asistencia Alimentaria*/National Programme of Food Assistance) (1992).

Most social programmes were directed at improvements in three areas: education, health and housing, and sanitation. In total, programmes in these areas took up around one-third of total public spending in 1996. Education absorbed 50% of this spending (3.4% of GNP), health 25% (1.6%) and the rest through the presidential programmes (Gonzales, 1998 p62)⁶⁴.

Francke (2001) assessed the governments' performance in the three areas in the following way. While there were improvements in education in terms of quantity, with large numbers of new schools built, there remained problems of quality. Teachers remained poorly paid, with materials of poor quality, despite some teaching training programmes and new materials being provided. Attendance was generally high, but this masked severe problems of desertion and repetition.⁶⁵

Again in health there was a quantity/quality dichotomy. There were increases and improvement in infrastructure, equipment, personnel, and medicines as well as efforts at community participation. There were some successes in the lowering of the expansion of primary health coverage, infant mortality and maternal mortality. Nonetheless indices in these areas remained amongst the highest in the region, and access to health services remained unequal in terms of rural/urban and poor/rich cleavages, with the urban rich receiving the best services, and having the lowest indices in health problems.⁶⁶

⁶⁴ While these figures were historically high, similar amounts were spent on defence (2.9%) and the paying of the international debt (2.0%) (Gonzales, 1998 p62). Furthermore, social spending remained low in regional terms as in 1997 it stood at 6.3% of GNP, as opposed to the Latin American average of 12.4% (Pascó-Font and Saavedra, 2001 p111).

⁶⁵ Almost 90% of those between 6 and 15 years attended school and 85.9% of those between 12 and 16 years by 1999. However, 48% of young people did not finish secondary school and 23% didn't finish primary (Francke, 2001 p5).

⁶⁶ Infant mortality was reduced between 1989 and 1997 from 55 per 1000 births to 44 per 1000. Between 1992 and 1996 the number of public health posts increased by 61% and health centres almost by 100% between 1990 and 2000 (Pascó-Font and Saavedra, 2001 p192). However, Peru still has one of the highest infant mortality rates in the region, which is moreover distributed inequitably: infant mortality is 100 per 1000 births amongst the poorest Peruvians, and 20 per 1000 amongst the richest. Furthermore nine out of ten of the poorest 20% of Peruvians don't have health coverage. Such disparities are most notable between urban and rural areas (Francke (2001 pp.6–8).

The government made important efforts to extend service infrastructure in the 1990s, with 90% coverage in urban areas of potable water, sewage, electricity, telecommunications, and road access (Francke, 2002). However, once again there are wide disparities of access between urban and rural areas. In electricity for example there was 95% urban access, but in rural areas 43% and only 6% amongst the rural poor. By 2000 58% of all rural homes had access to running water but only 13% had sewage disposal (Pascó-Font and Saavedra, 2001 p205).

Tanaka and Trivelli (2002) identify four serious deficiencies in the welfare programmes of the Fujimori government. First, they point out that they were always insufficient given the scale of poverty in Peru. Second, as these were 'special' programmes they lacked co-ordination with the social ministries, often producing an overlapping of functions. Third, focalisation was concentrated in particular geographic areas, which were always insufficiently delineated, leaving plenty of room for clientelistic practices.⁶⁷ Finally, as the programmes were demand driven they ended up being dominated by the most organised and articulate sections of the poor to the detriment of non-organised groups which were usually poorer (p6).

While there were important advances in poverty eradication during the 1990s, these were effectively insufficient to make a serious impact. Advances were made particularly in fighting extreme poverty, falling from 27% in 1991 to 15% in 1997. However, these results were difficult to maintain, as indices began to rise again after 1997 when spending on them was reduced. This put into doubt the long-term sustainability of the programmes (Pascó-Font and Saavedra, 2001 p180). The level of poverty in 2000 still remained higher than that of 1985, and at the end of the 1990s, poverty levels were close to those of the beginning of the decade. Furthermore, while the Fujimori years saw a reduction in the GINI co-efficient, from 0.509 in 1991 to 0.423 in 2000, this, however, meant an

⁶⁷ Indeed Schady (1999) shows how spending on social programmes rose according to the electoral cycle and in key electoral areas.

"equalisation from below", meaning that those with lower incomes lost proportionally less buying power than those with relatively greater income. In other words, in reality, there was a "generalised impoverishment of the population as the inferior limit [of income] was at survival level" (Gamero, 2002 pp.257–258).

3.3.5 Knowledge

How did these changes affect the knowledge structure? Throughout the reform process in Peru we see a gradual replacement of functions dominated previously by the state passing into the hands of the market. The financial sector passed almost entirely into the private sector and many previous state preserves, such as pensions, were opened up to the market. Furthermore, much of the day to day financial decisions previously made by the state, were precluded from the state by the Constitution, or effectively vetoed by agreements with the International Financial Institutions or the TNCs. Power passed from the State to the private sector in the production structure, with much of that power passing to foreign companies through privatisation, including key sectors such as telecommunications, mining, and transport. In the (welfare) security structure, power was concentrated into the hands of the President, international organisations, and NGOs.

A net result of these changes is a weakening of internal institutions normally responsible for the running of the State. Thus Francke points out that state institutions went from an already weak existing institutionality, to a situation where ministries become very weak entities in the face of the power of the executive and specialised agencies, such as FONCODES. A result of this was a centralisation of power in the executive, with a lack of alternative sources of information to analyse the performance of organisms. Information flowed with difficulty, and Congress, the political parties and civil society did little to evaluate performance and provide information. Indeed, he continues, those entities which

managed the best information were those areas financed by international organisms, opening questions on the influence of these organisms in the definition of internal policies (2001 pp.20–21).

With the passing of knowledge sources and control away from the State and towards the private sector, there was little compensatory effort on the part of the government to encourage alternative knowledge bases or sources. Investment in education remained primarily infrastructural, with little effort placed on quality. The most successful universities were private, rather than state-funded, and there was increased privatisation of education. The media favoured government policy due to a combination of bribes, intimidation, and willing collusion on behalf of media businessmen (see Chapter 4). There was a concentration of capital in the hands of foreigners, particularly in finance, mining and telecommunication, leaving little of the knowledge structure of the most profitable sectors of the economy in national hands. Even when national capital had a controlling influence in some economic area, it was usually in the hands of large national capital whose interests were often similar to those of large foreign capital. The government by and large followed a policy of closed policymaking, where it acted first and discussed later, and then for only brief periods.

Gonzales points out that the State had been reorganised to achieve two objectives: facilitate and complement the economic policies in course and assure the control of the state apparatus and the government for president Fujimori and his political project (1998 p88). Both these objectives were beyond negotiation, and both were effectively codified into the Constitution. As a result Peruvian society faced what Schlrato and Webb identify as "foreclosure", that is "...a process whereby certain feelings, desires, ideas, and positions are both unthinkable with regard to, and simultaneously constitutive of, identity" (2003 p216). With a lack of structures and outlets for the formation of alternative proposals to neoliberal reform, and with an establishment and media consensus in favour of that reform, backed up by the supreme law of the land, debate on alternatives was in a manner 'foreclosed' before it could even begin. There was

little opportunity for constructive debate on the viability of the reforms, except within the context of neoliberal reform itself. Alternative socialist or even social-democratic visions were relegated to minority participation in debate. As such the knowledge structure was confined within, and controlled by, neoliberal ideology, and mostly privatised ownership, and this despite the fact that notable public unease existed with many of the reforms, particularly privatisation, as evidenced by the near rejection by the electorate of the 1993 Constitution.

3.3.6 Conclusion

The Fujimori government implanted a neoliberal model in Peru primarily through the actions of the State. Thus the State was the main instrument in the realisation of its own removal from economic protagonism in Peru and its replacement by the market. Furthermore, it was principally through the office of the President that this transformation was executed, as the President repeatedly used decree powers to enact legislation, not to mention the use of a coup to eradicate opposition to his neoliberal programme.

In every structure the balance between State and markets was altered in favour of the latter. In finance, banks were privatised, the currency tied to the dollar, financial markets entirely liberalised, and subsidies and tariffs removed or reduced considerably. Tax regimes were simplified in favour of higher earners and privatised enterprises, and collection procedures made more efficient. Peru inserted itself fully into international financial structures by a renegotiation of the external debt favouring creditors with increased repayments, which were rigorously adhered to.

In production, privatisation ensured the passing of key services and industries into private, often foreign, hands. The State was relegated constitutionally to the role of regulator and promoter of private business activity, and prohibited from acting as capitalist investor in the economy. State employment was reduced, as was the role of the State in the regulation of the

employment market. In security, the State pursued a policy of poverty relief, increasing social spending. However, the private sector and not for profit sector was given a stronger role in welfare, health and education provision. All these measures ensured that larger parts of the knowledge structure also passed into private hands and/or remained centralised in the executive and with international agencies.

In sum, all four structures passed in large part into the control of the market, in alliance with the central executive and IFIs. Thus the State's role was considerably reduced but remained important as the principal interlocutor between the local economy and the demands of the international economy. Furthermore, the State was increasingly identified with President Fujimori, who ruled with ample national autonomy, in league with IFIs and TNCs. Fujimori's room for manoeuvre to distribute goods was limited, therefore, to welfare programmes, making his presidency essentially assistentialist and clientelistic. Furthermore, these programmes were controlled primarily by the markets and IFIs, as most of the revenue paying for them came from privatisation receipts and international credits.

3.4 Globalisation processes and populist distributivism in Fujimori's Peru

3.4.1 Introduction

In 1990, on coming to power, the new government led by Alberto Fujimori began the implementation of a Structural Adjustment Programme (SAP), despite election promises to the contrary. As Fujimori did not have an alternative programme, this programme was adopted at the insistence and with the assistance of the International Financial Institution's (IFIs). The Peruvian SAP implemented by the Fujimori government was what Gonzales refers to as "an extreme model of adjustment for efficiency" (1998 p41). According to Gonzales, such a programme is based around two primary objectives: the reduction of

inflation and the maximisation of production and international debt repayment. These objectives were realised with a minimum of state intervention and with a maximum bias towards the market as the institution that assigns resources (ibid.). The programme was implemented in four main stages:

- 5) August 1990–January 1991: The so-called 'Fujishock'. It involved drastic price stabilisation measures: inflation reduction, restoring fiscal health and the health of the international reserves, and commercial and financial liberalisation;
- 6) February 1991–December 1992: This stage was dominated by an economic reform 'package' implemented by Carlos Boloña, Minister of Finance, through 923 decree laws;⁶⁸
- 7) January 1993–March 1996: During this period the inflation rate came down, as did the fiscal deficit, the privatisation process was put into effect, and there was spectacular growth right up to 1995. However, there was also an appreciation of the exchange rate, a current account deficit in the balance of payments, a deficit in savings in relation to investment, as well as unemployment and under-employment, and a failure to modernise public institutions (ibid. p45);⁶⁹
- 8) April 1996 to 2000: This period was dominated by an orthodox readjustment and its effects. During this period the SAP began to suffer from various blockages and to show signs of crisis. The readjustments, however, brought little growth, and a renegotiated restructuring of the international debt ended up favouring creditors, as it raised the amount of debt and the level of payments, due to the institutional weakness of the State in defending Peruvian interests (ibid. p46).

⁶⁸ This period included the so-called "self-coup" of April, 1992. Boloña's continued support for the government through the coup was vital for keeping the international financial community and foreign governments on board (ibid. p43).

In the following three sections I will examine the principal measures taken by the Fujimori government using Habermas' three spheres: the economic, the political and the socio-cultural.

3.4.2 Economic

a) Finance

The Fujimori government liberalised the financial sectors in a number of ways. In January 1991 it reformed the national currency, creating the *nuevo sol*. It liberalised the currency markets, allowing the Peruvian currency to float freely against the dollar. The Central Reserve Bank of Peru (*Banco Central de Reserva del Perú* [CRBP]) was allowed to intervene to ensure monetary stability, but only by using market mechanisms to inject or take out liquidity.

The removal of restrictions on banking in dollars, along with the above measures, contributed to a greater dollarisation of the economy.⁷⁰ This helped minimise the exchange rate risk, but reduced the central bank's room for manoeuvre in regulating the money supply or influencing problems in local industry which arose as a result of competition with the external market (Iguñiz, 1998 pp.31–32). The result was a stable, but overvalued national currency, which favoured multinational and privatised companies, foreign creditors and imports, but worked against local industry and agriculture, and helped form a current account deficit (Pascó-Font and Saavedra, 2001 p64).

Monetary policy was eventually framed within the Constitution of 1993, which established the CRBP as autonomous within its own Organic Law with a purpose to preserve monetary stability. The CRBP is constitutionally prohibited from financing the public sector, to give guarantees, or sectoral credits, or to establish multiple exchange rate regimes (Pascó-Font and Saavedra, 2001 p57).

⁶⁹ This period, although led by Jorge Camet as Minister of Economy and Finance, was, according to Gonzales, essentially directed from Washington through foreign-trained Peruvian officials who sometimes came directly from the IMF and World Bank (ibid. p44, note 5).

⁷⁰ By 1996 75% of bank deposits were in dollars, and 74% of loans (Iguñiz, 1998 pp.31–32).

Ownership of banks was almost entirely privatised, and while this move and other reforms helped prevent a banking crisis, it did not result in any marked diversification in institutions or instruments.⁷¹ Furthermore, the privatisation and liberalisation of the banking system, along with the closure of state-run sectoral banks, led to a greater concentration of financial services among (especially richer) urban areas, directed at the top decile of earners. For the majority of Peruvians, credit facilities remained out of reach and schemes run by NGOs to attempt to compensate for this remained limited in coverage (ibid. p201).

There was also a full liberalisation of capital flows abroad, the free opening of bank accounts in the country by national and foreign agents, as well as accounts abroad by Peruvian nationals, and the free holding of accounts in foreign currency. Exporters and importers no longer had to notify the Central Bank of currency movements, and movements in the Stock Exchange were liberalised (ibid. p73). It was hoped that from these and other reforms that financial markets would become freer and more efficient, and growth would ensue. Part of that hope was to promote foreign investment and domestic savings (ibid. p74). However, while foreign investment grew, savings fell: between 1993–1997 savings were an average of 23% of GNP, while in 1999 they were 18.3%, and in 2000 17.7%. This, according to Francke, stops the generation of autonomous, sustainable growth (2001 p11). Furthermore most savings were in effect forced savings, as Peruvians were not allowed to cash their CTS (*Compensación Temporal de Servicio*/Time of Service Compensation)⁷² or privatised pensions until retirement (Gonzales, 1998 p52).

All subsidies, and many tax breaks to industry and agriculture were removed. Instead, the government concentrated on lowering tax levels while widening the base of tax contributors, and modernising collection procedures (Pascó-Font and Saavedra, 2001 pp.64–65). IGV (*Impuesto General a la*

⁷¹ The privatisation of banks tended to promote concentration, and between 1990 and 1993 the number of banks fell from 23 to 17 (Iguñiz, 1998 p31).

⁷² This is a form of unemployment benefit, consisting of one salary per year paid in by the employer to a special bank account in the employee's name.

Venta/General Sales Tax) rates were raised, collection increased, and a series of exonerations and special regimes in that tax were removed. There was an attempt also to incorporate the informal sector into the tax base. Tax bands were simplified: businesses and high earners paid 30%, and low earners 15% (ibid. p66). The policy apparently paid off as collection went up from 7% at the end of the 1980s to 14% in 1997, and contributors went up from 558,570 in 1993 to 1,877,858 in Dec 1997 (ibid.).

However, tax coverage remains low as sectors where investment is encouraged, such as privatised companies, enjoy many tax breaks.⁷³ Francke maintains that this discriminates against industry and small and medium businesses, and against workers who, in 2000, paid more than businesses in tax. In sum, employment-creating businesses have had their growth limited and state funds for public spending have been reduced (2001 p12). Iguñiz points out too that, while the numbers of registered taxpayers increased, the numbers who actually pay remain small.⁷⁴ Tax take remains low in comparison with other countries in the region and globally, and there is a greater reliance on sales tax and foreign trade for tax income.⁷⁵ "The forms of income which are least stable in developed countries are precisely those which are the most important in Peru" (1998 p38).

The implementation of reforms allowed Peru to re-enter the international financial community and restructure its international debt. Deals with the Paris Club (1992/1996) and the Brady Deal (1997), brought greater financial stability to the economy as its risk indicator dropped and foreign financial investment felt

⁷³ Such as the elimination of export taxes, paying only half of income tax (15%), and stability agreements, which prevent these exemptions being removed or new taxes being placed on them. Furthermore, the financial sector does not pay IGV on interest and the Stock Market profits are not subject to any tax at all. There is no tax on personal inheritance and people on high income are taxed at 30%, half of what it was previously.

⁷⁴ For example in 1997, there were 1,637,000 registered taxpayers, or 20% of the labour force, but only 8% of the labour force, or 448,500 taxpayers, actually paid tax.

⁷⁵ Income tax in Peru in 1994 generated 20% of total revenue, as opposed to 32.5% in Latin America and 33.9% in OECD countries. Sales tax and selective consumption tax raised 65.3% of tax income in the same year and foreign trade accounted for 12.3% of tax income as opposed to an OECD figure of 0.89% (Iguñiz 1998 pp.37–38).

more secure. However, debt went up, from US\$19,996 million in 1990 to US\$28,279 million in 1997, and average repayments were high at US\$1,841 million per annum, or a quarter of exports, from 1997 onwards (Gonzales, 1998 pp.77–78). "[G]rowth therefore depends almost exclusively on private investment, above all on foreign investment...as public investment will be relatively reduced due to the compromise of reducing the external debt" (ibid. p87). Furthermore, Iguñiz (1998) maintains that the government couldn't cut debt repayments because of its dependence on international credit and the good will of the IFIs, "...[t]he rigidity with regard to debt payment was thus structural" (1998 p38). The only adjustment options open, therefore, are to decrease capital spending, increase direct taxation and/or reduce taxes on foreign trade (ibid. p38).

b) Production

The measures implemented in the production structure created a State dedicated to the encouragement of the market, rather than State protagonism in the economic system. These new tendencies were institutionalised in the Constitution of 1993, which defined the State as subsidiary to the private sector and as a promoter of private initiative. This change in the role of the State was achieved through three processes: privatisation of public companies; the development of an institutional framework of regulation and the promotion of free competition (Pascó-Font and Saavedra, 2001 p85).

The privatisation process in Peru was put in place by February 1992, through various decree laws. Public companies were sold off to the value of US\$8,917.1 million by 1999, with projected investment of US\$7,203 million (Pascó-Font and Saavedra, 2001 pp.90–91).⁷⁶ Furthermore private companies were increasingly involved in electricity and water provision and distribution, either through ownership of companies or through contracts. As the State

⁷⁶ By 1997 private capital flow into Peru represented 5.1% of GNP, 1% below the regional average (Pascó-Font and Saavedra, 2001 pp.90–91).

withdrew from production, it began to institute a number of regulatory agencies for the newly privatised or semi-privatised services.⁷⁷

From the initial measures in the *Fujishock* of 1990, tariffs had reached an average level of 13% by 1997. As a result, imports of consumer goods increased fivefold from US\$338.3 million in 1990 to US\$1.85 billion in 1996, an annual rate of increase of 27.4% – well above the average increase in the growth of domestic production (Abugattas, 1998 p65). Most restrictions on exports were removed and an agency was set up to promote them (Prompex) in 1996; however, the results of these efforts were modest (Pascó-Font and Saavedra, 2001 p82).

A flexibilisation of the job market was implemented, with a reduction in personnel in the public sector, which was further reduced by privatisation, deregulation of the minimum wage, and wages being linked to productivity. Availability of temporary contracts was increased, their variety widened, and, after 1995, costs of inscription were reduced to zero. Businesses were allowed to hire young adults (under 26) as 'apprentices' with lower rates of pay. The Constitution of 1993 abolished labour security completely, replacing it with protection norms against unjustified dismissal for salaried workers and compensation was reduced. Dismissal procedures for 'just cause' were simplified and reduced (Pascó-Font and Saavedra, 2001 pp.100–101). Restrictions on union activity were introduced which, along with increased use of temporary contracts, led the numbers in unions to reduce even further from their already declining levels.⁷⁸

⁷⁷ Some to the best known of these regulatory services are: INDECOPI (*Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual*/National Institute for the Defence of Competition and the Protection of Intellectual Property), OSIPTEL (*Organismo Supervisor de la Inversión Privada en Telecomunicaciones*/Supervisory Organism of Private Investment in Telecommunications), with sister organisations in Energy (OSINERG) (which was complimented by the energy price regulator CTE - *Comisión de Tarifas Eléctricas*/Electricity Pricing Commission), Transport (OSITRAN), and the SBS (*Superintendencia de Banca y Seguros*/Superintendency for Banking and Insurance).

⁷⁸ Such as allowing more than one union to organise in each workplace, changing wage bargaining from sectoral to company based bargaining, and removing the right to strike pay. The percentage of private sector salaried employees who worked in businesses with union

All sectoral development banks such as the Agriculture, Mining, and Industrial banks were liquidated and the banking system was almost totally privatised. Indeed, in effect there was no sectoral support policy, as the 1996 budget dedicated only 0.69% of GNP in total to the ministries of Agriculture, Fishing, Energy and Mines and Industry representing 45% of GNP. This was barely 5.8% of the total of public spending and indeed Industry alone received only 0.06% of GNP (Gonzales, 1998 p67). In agriculture a market in land was encouraged and restrictions on land ownership were removed.

These measures had a number of effects on industry, agriculture, services and employment. National products became more expensive than imports due to tariff reductions, domestic prices rises, raised production costs, and a tighter domestic market due to reduced family resources (Abugattas, 1998 p65). Production did increase to levels above the late 1980s, but by the end of the decade there was little variation in the participation of industry in the economy, as it went from 15.6% of GNP in 1990 to 14.9% in 2000 (Pascó-Font and Saavedra, 2001 p120). While this stagnation did reflect historical trends, and whilst industry retained its share of GNP, it cannot be said that the reforms led to a revival of industry in Peru.

Indeed, Abugattas points out that manufacturing passed to having a subsidiary role in the economy, dependent on the performance of other sectors such as construction, fishing, non-tradables and the production of primary goods. Industries such as electric appliances, radios and televisions, fertilisers and crop sprays disappeared, for example, as construction, food, textile and knitwear industries grew (1998 pp.76–77).⁷⁹ Furthermore, there was a tendency towards mergers and acquisitions, with 100 of these between 1993 and 1997. FDI increased, but often towards existing firms rather than new projects, and

representation went from 30% in 1987 to 6% in 1997. In the public sector it declined from 75% in 1990 to 34% in 1997. Underemployment and attacks on trade unionists by both Sendero Luminoso and the security forces further discouraged trade union membership (Pascó-Font and Saavedra, 2001 p103).

industry received little of it.⁸⁰ Therefore, in sum, while Pascó-Font and Saavedra can rightly insist that manufacturing's share of the economy remained constant, the nature and much of the ownership of industry had changed to one based increasingly on primary products, and increasingly owned by foreigners.

In agriculture, government land reforms sought to open up the market in land in order that it could provide guarantees for credit. However, there was little movement in the land market, due to structural difficulties such as the lack of land titles for many owners, a lack of credit from private banks, and cheaper imports (Gonzales, 1998 p54). There were some notable successes in agricultural production and exports, such as in asparagus or mangoes, but by and large agriculture remained stagnant during this period (Pasco Font and Saavedra, 2001 p83).

Privatisation policies led to great changes in the structure of ownership and cost of services. By the end of the 1990s much of what were once public services, namely telecommunications, water and electricity had been privatised or had strong private sector involvement. According to Pascó-Font and Saavedra (2001), privatised companies grew more rapidly, improved the quality of their services more, and extended their coverage more than State companies. Gonzales points out, however, that privatisation mostly benefited foreign capital and the government. Mostly foreign firms bought up privatised companies, while the government kept the proceeds as a reserve fund. As Gonzales emphasises, "...[f]or the moment, privatisation is reduced to the privatisation of profits without a corresponding rise in social benefits" (1998 p57). While the poorest did gain through privatisation in terms of access to services, those who already had

⁷⁹ While the industrial sector grew as a whole by an average of 5% between 1990 and 1997, growth was more notable in the food processing industry at 6.4% (Abugattas, 1998 pp.76–77).

⁸⁰ FDI was mostly in the areas of petroleum, fats and oils, and confectionery, which took up almost half of all FDI in this period, most of that being through acquisitions.

these services found themselves losing due to higher tariffs⁸¹ (Pascó-Font and Saavedra, 2000 p208).

Employment in Peru during the Fujimori years was characterised principally by underemployment, casualisation and informalisation of the workforce, lower pay and more precarious conditions for the bulk of Peruvian workers. Unemployment and underemployment increased slightly, with the latter affecting around three-quarters of the workforce.⁸² Temporary contract work doubled during the decade, as formal employment decreased to over half the EAP.⁸³ Strikes declined, as there was a notable movement of resources from workers to capital.⁸⁴ Employment moved from larger manufacturing firms and agriculture to commerce, restaurants and hotels.⁸⁵

In sum, as Gonzales puts it, there was "...a rise in independent workers, a reduction of public and industrial employment, and stagnation of rural employment...In general there is a stagnation of salaries for the labour force, and a tendency to inequality of remuneration and a greater uncertainty in labour stability" (Gonzales 1998 p117). Pascó-Font and Saavedra seem to agree with this assessment (2001 p133). However, while Gonzalez insists that this situation has resulted in Peruvians not trusting the neoliberal model (op. cit.), Pascó-Font

⁸¹ Services such as telephones, electricity, and gas went from a public to a private monopoly, leading to substantial price increases. Prices increased in electricity from 100 in 1989 to 183.3% in 1996 and telephones from 100 to 200% for the same period (Gonzales, 1998 p57).

⁸² The average level of unemployment in Peru from 1992–2000 was 8.5% compared with an average between 1986 and 1991 of 6.6% (Pascó-Font and Saavedra, 2001 p138).

Underemployment increased from 73.1% in 1990 to 76.3% in 1995 (Gonzales, 1998 p117)

⁸³ In 1990 10.4% of the 54.4% of employees in formal private employment were temporary, but by 2000 24.3% were temporary out of the 45.5% of the workforce in such employment (Pascó-Font and Saavedra, 2001 p173)

⁸⁴ Strikes decreased from 11.6% of total man-hours in 1990 to 8.9% in 1995. In 1989/1990 profits were 64.6% of national income and pay 34.4% but by 1996 profits increased to 77.8% while pay fell to 21.2% (Gonzales, 1998 p113). Furthermore between 1990 and 1996 the minimum wage was reduced by 30%.

⁸⁵ Between 1990 and 1995 employment in larger manufacturing firms fell by 26%, losing around 25,000 jobs in 248 firms, contributing to the rise of underemployment (Abugattas, 1998 p71). Employment growth instead was in commerce, restaurants and hotels (Pascó-Font and Saavedra, 2001 p150), while employment in agriculture fell by 10% (ibid. p154). Pascó-Font and Saavedra, however, state that falls in industrial production and employment reflect historical tendencies rather than being a direct result of the Fujimori economic model, an opinion supported by Abugattas (op. cit.).

and Saavedra maintain that it is not the model that is at fault, but the application of the model (op. cit.). Francke, however, has no doubt where the blame lies: "Neoliberal economic policy has not managed to generate employment or incomes at the necessary rhythm to significantly reduce income poverty in Peru..." (2001 p25). The constant state of agitation amongst workers and ordinary citizens during the presidency of President Alejandro Toledo (2001–present) would tend to support Gonzales' view. Furthermore it is particular aspects of the model that have generated much of this protest, in particular the attempted privatisations of some utility companies, such as electricity companies, and large enterprises such as the state oil company, Petroperu.⁸⁶

3.4.3 Social

The Fujimori government's response to welfare security was shaped by a number of centralised state agencies set up specifically to tackle poverty. In 1991 the Fujimori government established FONCODES (*Fondo Nacional de Compensación y Desarrollo Social*/National Fund for Compensation and Social Development) an autonomous organism of the Presidency of the Republic. Its aim was to respond to extreme poverty through social support programmes, infrastructure and productive development. In 1992, the government reactivated the Ministry of the Presidency (MIPRE) with the aims of providing direct assistance to the poor, social infrastructure and economic infrastructure.⁸⁷ MIPRE came to control 25–35% of the total government budget; yet, while spending increased substantially, it still remained relatively low at US\$13 for every poor person between 1991 and 1995 (Gonzales, 1998 p62).

⁸⁶ See Carrasco, 2002 for details of nature and cause of protests in the first year of Toledo's government.

⁸⁷ MIPRE also controlled local regional administrative units CTARs (*Comités Transitorios de Administración Regional*/Regional Transitory Administrative Committees), and other important programmes such as PRONAA (*Programa Nacional de Asistencia Alimentaria*/National Programme of Food Assistance) (1992).

The focalised nature of these programmes allowed the President high levels of discretion in prioritising spending over established ministries. Targeted populations were based on identified geographic areas with low levels of nutrition, education and access to basic services. These groups proposed projects and monitored them through participative structures. As a result, through these programmes, direct links were made between these populations and the president himself.

Most social programmes were directed at improvements in three areas: education, health and housing, and sanitation. In total, programmes in these areas took up around one-third of total public spending in 1996. Education absorbed 50% of this spending (3.4% of GNP), health 25% (1.6%) and the rest through the presidential programmes (Gonzales, 1998 p62)⁸⁸.

Francke (2001) assessed the governments' performance in the three areas in the following way. While there were improvements in education in terms of quantity, with large numbers of new schools built, there remained problems of quality. Teachers remained poorly paid, with materials of poor quality, despite some teaching training programmes and new materials being provided. Attendance was generally high, but this masked severe problems of desertion and repetition.⁸⁹

Again in health there was a quantity/quality dichotomy. There were increases and improvement in infrastructure, equipment, personnel, and medicines as well as efforts at community participation. There were some successes in the lowering of the expansion of primary health coverage, infant mortality and maternal mortality. Nonetheless indices in these areas remained amongst the highest in the region, and access to health services remained

⁸⁸ While these figures were historically high, similar amounts were spent on defence (2.9%) and the paying of the international debt (2.0%) (Gonzales, 1998 p62). Furthermore, social spending remained low in regional terms as in 1997 it stood at 6.3% of GNP, as opposed to the Latin American average of 12.4% (Pascó-Font and Saavedra, 2001 p111).

⁸⁹ Almost 90% of those between 6 and 15 years attended school and 85.9% of those between 12 and 16 years by 1999. However, 48% of young people did not finish secondary school and 23% didn't finish primary (Francke, 2001 p5).

unequal in terms of rural/urban and poor/rich cleavages, with the urban rich receiving the best services, and having the lowest indices in health problems.⁹⁰

The government made important efforts to extend service infrastructure in the 1990s, with 90% coverage in urban areas of potable water, sewage, electricity, telecommunications, and road access (Francke, 2002). However, once again there are wide disparities of access between urban and rural areas. In electricity for example there was 95% urban access, but in rural areas 43% and only 6% amongst the rural poor. By 2000 58% of all rural homes had access to running water but only 13% had sewage disposal (Pascó-Font and Saavedra, 2001 p205).

Tanaka and Trivelli (2002) identify four serious deficiencies in the welfare programmes of the Fujimori government. First, they point out that they were always insufficient given the scale of poverty in Peru. Second, as these were 'special' programmes they lacked co-ordination with the social ministries, often producing an overlapping of functions. Third, focalisation was concentrated in particular geographic areas, which were always insufficiently delineated, leaving plenty of room for clientelistic practices.⁹¹ Finally, as the programmes were demand driven they ended up being dominated by the most organised and articulate sections of the poor to the detriment of non-organised groups which were usually poorer (p6).

While there were important advances in poverty eradication during the 1990s, these were effectively insufficient to make a serious impact. Advances were made particularly in fighting extreme poverty, falling from 27% in 1991 to 15% in 1997. However, these results were difficult to maintain, as indices began

⁹⁰ Infant mortality was reduced between 1989 and 1997 from 55 per 1000 births to 44 per 1000. Between 1992 and 1996 the number of public health posts increased by 61% and health centres almost by 100% between 1990 and 2000 (Pascó-Font and Saavedra, 2001 p192). However, Peru still has one of the highest infant mortality rates in the region, which is moreover distributed inequitably: infant mortality is 100 per 1000 births amongst the poorest Peruvians, and 20 per 1000 amongst the richest. Furthermore nine out of ten of the poorest 20% of Peruvians don't have health coverage. Such disparities are most notable between urban and rural areas (Francke (2001 pp.6-8).

to rise again after 1997 when spending on them was reduced. This put into doubt the long-term sustainability of the programmes (Pascó-Font and Saavedra, 2001 p180). The level of poverty in 2000 still remained higher than that of 1985, and at the end of the 1990s, poverty levels were close to those of the beginning of the decade. Furthermore, while the Fujimori years saw a reduction in the GINI co-efficient, from 0.509 in 1991 to 0.423 in 2000, this, however, meant an "equalisation from below", meaning that those with lower incomes lost proportionally less buying power than those with relatively greater income. In other words, in reality, there was a "generalised impoverishment of the population as the inferior limit [of income] was at survival level" (Gamero, 2002 pp.257–258).

3.4.4 Cultural

How did these changes affect Peruvian society culturally? To what extent did notions of competitiveness and privatism enter into the Peruvian cultural mainstream. This section will look specifically at areas in what Strange (1996) refers to as the knowledge structure - specifically information management, education and the media.

Throughout the reform process in Peru we see a gradual replacement of functions dominated previously by the state passing into the hands of the market. The financial sector passed almost entirely into the private sector and many previous state preserves, such as pensions, were opened up to the market. Furthermore, much of the day to day financial decisions previously made by the state, were precluded from the state by the Constitution, or effectively vetoed by agreements with the International Financial Institutions or the TNCs. Power passed from the State to the private sector in the production structure, with much of that power passing to foreign companies through privatisation, including key sectors such as telecommunications, mining, and transport. In the social

⁹¹ Indeed Schady (1999) shows how spending on social programmes rose according to the

sphere power was concentrated into the hands of the President, international organisations, and NGOs.

A net result of these changes is a weakening of internal institutions normally responsible for the running of the State. Thus Francke points out that state institutions went from an already weak existing institutionality, to a situation where ministries become very weak entities in the face of the power of the executive and specialised agencies, such as FONCODES. A result of this was a centralisation of power in the executive, with a lack of alternative sources of information to analyse the performance of organisms. Information flowed with difficulty, and Congress, the political parties and civil society did little to evaluate performance and provide information. Indeed, he continues, those entities which managed the best information were those areas financed by international organisms, opening questions on the influence of these organisms in the definition of internal policies (2001 pp.20–21).

With the passing of knowledge sources and control away from the State and towards the private sector, there was little compensatory effort on the part of the government to encourage alternative knowledge bases or sources. Investment in education remained primarily infrastructural, with little effort placed on quality. The most successful universities were private, rather than state-funded, and there was increased privatisation of education. The media favoured government policy due to a combination of bribes, intimidation, and willing collusion on behalf of media businessmen (see Chapter 5). There was a concentration of capital in the hands of foreigners, particularly in finance, mining and telecommunication, leaving little of the knowledge structure of the most profitable sectors of the economy in national hands. Even when national capital had a controlling influence in some economic area, it was usually in the hands of large national capital whose interests were often similar to those of large foreign capital. The government by and large followed a policy of closed policymaking where it acted first and discussed later, and then for only brief periods.

electoral cycle and in key electoral areas.

Gonzales points out that the State had been reorganised to achieve two objectives: facilitate and complement the economic policies in course and assure the control of the state apparatus and the government for president Fujimori and his political project (1998 p88). Both these objectives were beyond negotiation, and both were effectively codified into the Constitution. As a result Peruvian society faced what Schirato and Webb identify as "foreclosure", that is "...a process whereby certain feelings, desires, ideas, and positions are both unthinkable with regard to, and simultaneously constitutive of, identity" (2003 p216). With a lack of structures and outlets for the formation of alternative proposals to neoliberal reform, and with an establishment and media consensus in favour of that reform, backed up by the supreme law of the land, debate on alternatives was in a manner 'foreclosed' before it could even begin. There was little opportunity for constructive debate on the viability of the reforms, except within the context of neoliberal reform itself. Alternative socialist or even social-democratic visions were relegated to minority participation in debate. As such the knowledge structure was confined within, and controlled by, neoliberal ideology, and mostly privatised ownership, and this despite the fact that notable public unease existed with many of the reforms, particularly privatisation, as evidenced by the near rejection by the electorate of the 1993 Constitution. With a firm consensus in place regarding the 'naturalness' of neoliberalism, and with a policy emphasis on competition as the sole manner in which distribution can take place, there was little room for debate on alternatives. In this way government and the economic elite attempted to inculcate values of privatism and competition into the social fabric of Peruvian life. Nevertheless, the lack of economic advancement of the majorities in the short to medium term, and the continued cultural estrangement of large groups within Peruvian national life, particularly the indigenous population continued to block this process, and most Peruvians still looked to the State and the community to find solutions to their economic precariousness.

3.4.5 Conclusion

The Fujimori government implanted a neoliberal model in Peru primarily through the actions of the State. Thus the State was the main instrument in the realisation of its own removal from economic protagonism in Peru and its replacement by the market. Furthermore, it was principally through the office of the President that this transformation was executed, as the President repeatedly used decree powers to enact legislation, not to mention the use of a coup to eradicate opposition to his neoliberal programme.

In every sphere the balance between State and markets was altered in favour of the latter. In the economic sphere banks were privatised, the currency tied to the dollar, financial markets entirely liberalised, and subsidies and tariffs removed or reduced considerably. Tax regimes were simplified in favour of higher earners and privatised enterprises, and collection procedures made more efficient. Peru inserted itself fully into international financial structures by a renegotiation of the external debt favouring creditors with increased repayments, which were rigorously adhered to. Privatisation ensured the passing of key services and industries into private, often foreign, hands. The State was relegated constitutionally to the role of regulator and promoter of private business activity, and prohibited from acting as capitalist investor in the economy. State employment was reduced, as was the role of the State in the regulation of the employment market. In the social sphere, the State pursued a policy of poverty relief, increasing social spending. However, the private sector and not for profit sector was given a stronger role in welfare, health and education provision. All these measures ensured that larger parts of the knowledge structure passed into private hands and/or remained centralised in the executive and with international agencies. The media provided consensus opinions on the benefits of the markets which did not seriously question the new orthodoxy, and education was also increasingly privatised. In this way, culturally Peruvians were being trained to accept the primacy of the market as the 'natural' order of things.

In sum, all three spheres passed in large part into the control of the market, in alliance with the central executive and IFIs. Thus the State's role was considerably reduced but remained important as the principal interlocutor between the local economy and the demands of the international economy. Furthermore, the State was increasingly identified with President Fujimori, who ruled with ample national autonomy, in league with IFIs and TNCs. Fujimori's room for manoeuvre to distribute goods was limited, therefore, to welfare programmes, making his presidency essentially assistentialist and clientelistic. Furthermore, these programmes were controlled primarily by the markets and IFIs, as most of the revenue paying for them came from privatisation receipts and international credits.

3.5 *Globalisation processes and populist distributivism in Chávez's Venezuela*

3.5.1 The Chávez programme

When Chávez came to power, after five years of government under ex-COPEI patriarch, Rafael Caldera, Venezuelans were worse off than ever. Poverty had increased, land remained in the hands of a tiny minority, and unemployment and underemployment had increased, with almost half the EAP in the informal sector.⁹² Inflation remained high, minimum salaries did not cover basic needs, and per capita income had fallen dramatically.⁹³

The Caldera government also had left a legacy of some timid neoliberal reform. It implemented some privatisations, in the banking, telecommunications,

⁹² In 1998, two-thirds of the population lived below the poverty line, half of these in extreme poverty. There was an extreme concentration of landownership, with 70% of agricultural land in the hands of just 3% of proprietors and the country was not self-sufficient in food production. Unemployment stood at 11% and an estimated 49%, or 4.3 million of the economically active population, was employed in the informal sector, where wages were on average 45% of the salaries of formal sector workers (Economist Intelligence Unit, 1998).

⁹³ Inflation stood at 99.9% in 1996 and at an average of 58% throughout the entire Caldera presidency (1993–1998) (Source BCV, 2004). In 1997, the minimum salary was Bs.75,000 while the value of the basic basket of goods was Bs.168,778 (PNUD/OCEI, 2001 p165). Per capita

steel and transport sector. It removed price and exchange controls in 1996, but then had to apply a banded system of exchange rate control on the *bolívar* (Bs.) in order to attempt to control capital flight brought on by a severe banking crisis.⁹⁴ It removed pro-employee legislation, such as retroactive severance payments, and in the social security sector. It pursued a double strategy on oil, of high output and increased private foreign investment, the so-called *apertura* or opening, leaving oil prices at around US\$10 a barrel in 1997–1998 (Buxton, 2003).

Chávez saw the source of Venezuela's problems as political and not economic: "Inflation, hunger, insecurity, education, poverty, all that forms a problematic mass, the cause of which is...the exhaustion of the political model..." (Blanco Muñoz, 1998 p625). The answer, therefore, was to be found first in the implementation of profound political change, through a Constituent Assembly (*Constituyente*), and then through the restoration of an interventionist State working alongside the market; that is, to paraphrase Adam Smith, the visible hand of the state and the invisible hand of the market.

The Bolivarian economic model is, according to Chávez, "...humanist, self-managing, and competitive". *Humanist* first, because the *human being* would be central to policy, while the *State* "...regulates, stimulates, and promotes the economic process", and the *market* fulfills "the laws of supply and demand, [but is] not...monopolised or oligopolised" (ibid. p612). In this way, Chávez declares, the Bolivarian economic model is closer to the Third Way model of Tony Blair, or Bill Clinton, than a socialist or capitalist state (ibid. p19).

Second, the Bolivarian project envisages an economy which is *self-managing*, that is that it is a democratised economy, with alternative organisational forms flourishing, such as co-operatives and other types of

income stood in 1997 at US\$2885, as opposed to US\$4910 in 1993, the year before Caldera came to power (ibid. p92).

⁹⁴ Forty-one per-cent of Venezuelan banks had passed into foreign hands by 1997, the State telecommunications company CANTV, the steel industry, and VIASA the State airline (which has since disappeared) were all privatised.

association. Finally, it is to be a *competitive* economy, insofar as it can reach high levels of productivity and so compete with foreign products. As Rodríguez summarises it, the Bolivarian economic system is one "...in which there would be an active intervention of the State, co-existing with the forces of the market, within which there is an important place for non-traditional forms of economic association such as co-operatives, and which is capable of achieving a high level of competitiveness and productivity" (2003 p6).

Rodríguez stresses that it is not, as many in the Opposition contend, a Marxist proposal, despite much of the leftist discourse and symbolism of Chávez and others in the *Polo Patriótico*. Rather it is "...a quite general and not very new general proposal" (ibid.), which "distances itself from the traditional economic proposals of the extreme left" (ibid. p7).

3.5.2 Main Phases

Following Wilpert (2003), there are four phases in the Chávez government's economic and social policy strategy:

1. 1999: a period of severe economic recession, constitutional reform, and natural disaster.⁹⁵ The government followed a policy of relative continuity with the previous government's economic policies, and introduced little by way of social policies other than the short-term Plan Bolívar 2000;
2. 2000–2001: a relatively successful period, in which the Chávez government consolidated its political power and began implementing its long- and medium-term social and economic programmes, and in which the benevolent effects of its oil policy were beginning to be felt;
3. December 2001–May 2003: the most difficult phase, in which the government had to cope with several employer-led general strikes, a coup attempt, and the shutdown of the country's all-important oil industry. During this phase,

⁹⁵ The Vargas disaster occurred that year, when heavy rains caused massive mudslides in the overpopulated coastal area of Vargas north of Caracas. Over ten thousand people were killed and

unemployment and inflation increased, causing a rise in poverty and reversing many of the gains made in the previous period; and

4. Beginning May 2003: when the country's oil industry recovered from the strike and the opposition began focusing on political rather than economic or military strategies for ousting the president. During this phase the government once again had more resources, especially given the relatively high price of oil, to implement short-term anti-poverty measures and to refocus on its medium term strategies, placing particular emphasis on land reform and higher education.

The following four sections will assess the gains and losses made during these four phases in the finance, production, security and knowledge structures.

3.5.3 Finance

On gaining power in 1998, Chávez sent a strong signal of continuity to the international financial community by retaining in the Finance portfolio Caldera's Minister, Maritza Izaguirre. As a result there was little change in finance management. The currency exchange arrangements were maintained, even as public spending was increased. In the new Constitution of 1999 there was no great change in fiscal policy regulations, which Kelly (2000) affirms remained consistent with the capitalist principles of the 1961 Constitution.⁹⁶ Indeed, she concludes that while there is a strong emphasis on social rights and entitlements (see 'Security' below), the Constitution also includes important orthodox economic principles "...that could even signal a shift somewhat to the right" (2000, no page no.).⁹⁷

over a hundred thousand were made homeless, with nearly US\$4 billion in estimated property damage (Wilpert, 2004, no page no.).

⁹⁶ The Central Bank, for example, remains independent and rules are included to ensure fiscal responsibility and monetary control.

⁹⁷ Article 299, for example, established the socio-economic system of Venezuela as based on "...social justice, democratisation, efficiency, free competition, protection of the environment, productivity and solidarity". Article 311, insists that ordinary income must cover ordinary

No great changes were announced in taxation policy, although the government did pursue a policy of modernisation of the tax-collecting agency, the SENIAT, with the hope of increasing tax income. Total tax revenue went up from almost Bs.7 billion in 2000 to almost Bs.11 billion in 2002, and down again to Bs.7,320 billion in 2003, due mostly to the strike/lockout of December and January 2002/2003 (Seniat, 2003). Some of the initial rise can be attributed to the re-introduction of the Banking Debit Tax (*Impuesto Debito Bancario* [IDB]) in 2002, a tax of 0.5% on financial transactions, which collected over Bs.1 billion in 2003. Furthermore there is a pronounced reliance on sales taxes (16% rate) at 61.6% of non-oil internal revenue in June 2004 (Seniat, 2004). However, there does not seem to have been an improvement in overall tax take as a percentage of GNP. In 1998, the last year of the Caldera government, tax take was 11.6% of GNP, and in 2001 11.1%. Furthermore, non-oil tax revenue decreased slightly from 10.4% in 1998, to 8.6% in 2001 (Ministerio de Finanzas, 1998/2001). Moreover, the non-oil sector tax contribution remains below the Latin American average of 18.5% (1999–2003) (Rodríguez, 2003 p30).

The government took a number of steps to ensure greater state control of oil revenue. First, it pursued a policy of renewed co-ordination with other OPEC countries, and large non-OPEC oil producers such as Mexico and Russia, to establish production quotas. The purpose of this policy was to maintain stable prices and thus stable revenue from oil. Oil prices remained around the US\$30 per barrel rate in the first semester of 2004, and earnings for the same period stood at US\$13 billion (Ministerio de Finanzas, 2004 p2).⁹⁸ The Constitution ensures that PDVSA remains in state hands, but does leave the door open for private sector involvement in its filial companies or strategic associates (Constitución Bolivariana, 1999, Article 303). The Organic Law of Hydrocarbons 2001 increased royalty rates, but lowered taxes, as well as ensuring greater

spending. Article 318 establishes Central Bank autonomy and 319 the norms that it must adhere to (Constitución Bolivariana, 1999).

⁹⁸ The peak year of the Chávez presidency was 2000 when oil income reached US\$29.3 billion (Mommer, 2003 p140).

control by the Ministry of Energy and Mines (MEM) and more transparency in its accounting methods.⁹⁹ Non-tax income from oil rose from 4.3% in 1998 to 6.7% of GNP in 2001 (Ministerio de Finanzas, 1998/2001), however, per capita oil revenue remains as low as that of the 1950s (Rodríguez, 2003 p28).

The increased revenue helped finance increased social spending, rising from 36% to 39.3% of the national budget in the period 1999–2003 (see 'Security'). The Chávez government, however, scrupulously maintained debt repayments and indeed increased them from 18.6% of total spending in 1993–1998 to 22.0% in the period 1999–2003 (Rodríguez, 2003 Table 6, pp.16–18). External debt has remained relatively constant throughout the Chávez presidency: In 1999 it stood at US\$22,820 millions, rising to US\$24,191 millions in 2003 (Ministerio de Finanzas, 2004). Average debt repayments 1999–2003 were approximately US\$3,480 million per year (own calculations based on BCV, 2004). This policy is, however, in keeping with the government's intention to maintain Venezuelan sovereignty in economic decision-making, by removing cause for the international financial community to involve itself in Venezuelan affairs. Venezuela has insistently rejected interference from the IMF for example, and is one of the few Latin American countries which is free from IMF loans.¹⁰⁰

Wide variations can be found in the main macroeconomic indicators, yet the government strived to keep these within internationally accepted limits, despite Opposition activity affecting them (See Pandaya and Podur, 2003). International reserves were maintained at reasonably high levels, except during

⁹⁹ The minimum royalty rate was set at 30% for oil, tax rates were lowered from 59% to 50% for conventional crude and for extra-heavy oils to 32%. Transferring profits to PDVSA's overseas operations, as a ploy to evade revenue submission to the state, was standard practice up until then (ibid. p143).

¹⁰⁰ Wilpert (2004a). The article quotes Finance minister Tobias Nobrega, responding to IMF growth predictions for 2004: "Venezuela is overcoming its financial difficulties independently of the IMF and it is doing this by applying the opposite of what is recommended by the well-known but limited IMF recipes." Indeed the feeling was mutual: the IMF was one of the first organisations to welcome the coup-installed government of Pedro Carmona Estanga (See Union Radio, Friday, 12 April 2002 *'FMI ofrece colaboración a nuevo gobierno venezolano'*).

the coup and strikes of 2002, when they reached historic lows.¹⁰¹ The *Bolívar* was devalued from Bs.650/US\$1 in the first trimester of 2000 to Bs.1,920/US\$1 in the first trimester of 2004, when currency controls were put in place to stem capital flight (BCV, 2004). Country risk also oscillated according to the political situation, reaching a high of 1406 base points in February 2003, just after the strike, to be reduced to 596 on 22 December 2003, thus reducing interest rates on new loans taken out by the state (Rivas, 2004). Inflation between 1999 and 2003 was on average 20.8%, with a high of 31.2% in 2002, and a low of 12.3% in 2001 (op. cit.).¹⁰² Indicators then were at their worst when opposition activity was at its most seditious.

Finally, the government took steps to 'democratise' credit availability, by opening a variety of popular credit agencies, such as the People's Bank (*Banco del Pueblo*), providing small loans for small and medium size businesses, and the Women's Bank (*Banco de la Mujer*) providing a similar function, but this time exclusively for women. Between 2001 and 2003, The Women's Bank and the People's Bank gave out 70,000 micro-credits between them (Wilpert, 2003). However, there is little evaluation of the effectiveness of these schemes, and some evidence of high default levels.¹⁰³ An article in the Law of the Intergovernmental Decentralization Fund (FIDES), assigns at least 20% of the annual resources allotted to States and Municipalities to the financing of projects presented by organised communities, neighbourhood associations and NGOs (Gable, 2004). The government also discussed with private banks means to increase credit availability to small and medium businesses.

¹⁰¹ Reserves stood at US\$14,849 million in 1998, the year before Chávez came to power, and fluctuated from a low of US\$9,823 million in February 2002, reflecting a period of intense political activity which culminated in the April 2002 coup, to a high of US\$23,453 million in May 2004, the latter figure primarily due to the currency controls implemented shortly after the ending of the strike/lockout of 2002/3, to stem capital flight (BCV, 2004).

¹⁰² Own calculation based on figures for Metropolitan area of Caracas, 1999–2003.

¹⁰³ One report estimates bad debt in all the different government social banks to be in the region of 37% of all loans (O'Donoghue, 2004).

3.5.4 Production

As previously stated, in the initial years of the Chávez government there was little change to the basic production apparatus, other than in the oil industry, as the government set about implementing profound political change. The Constitution of 1999, the result of that process, has a number of important sections on production, some outlining the parameters of legislation on issues such as employment and social security rights, while others attempt to define the limits of the private and public spheres.

Chapter V of the Constitution outlines much of Venezuelans social and family rights. In particular, Articles 89 to 97 deal with workers rights, guaranteeing existing rights (Article 89) restricting the working day to a maximum of eight hours and the working week to 44 hours (Article 90), guaranteeing the worker a "...sufficient salary which will allow him or her to live with dignity" (Article 91) and the right to social provisions based on time served, overturning the removal of that right by the Caldera government (Article 92). Job security, protection against unfair dismissal, and trade union rights, including the right to strike, are also guaranteed (Article 93–97) (Constitución Bolivariana, 1999).

Labour relations between the Chávez government and the main trade union confederation, the *Confederación de Trabajadores de Venezuela*, (CTV); however, have been tense, to say the least. The CTV, alongside the main business association, FEDECAMARAS, has been in the forefront of opposition campaigns to remove Chávez from office. Both these organisations led a series of work stoppages, most notably the 'indefinite' strike of 8–11 April 2002, which culminated in a *coup d'état*. A further stoppage took place later that year lasting throughout December and into early February 2003, bringing the country's oil industry to a virtual standstill (Pandaya and Podur, 2003). The confrontation between the CTV and the government, however, was not entirely surprising. The CTV had been declining as a potent force in Venezuelan politics due to many allegations of corruption, a patchy record in defending workers rights against

various neoliberal attempts to curtail them, and declining trade union membership (See Ellner, 2003b). Chávez had repeatedly stressed the need to 'democratise' the trade unions, as the Constitution required in Article 95, and eventually a referendum calling for such democratisation was held in December 2000. While the government won the referendum, with a very low turnout (almost 77% abstention), the existing CTV leadership of Carlos Ortega as President and Manuel Cova as vicepresident won the subsequent elections, although under highly questioned circumstances (ibid. p172).

Re-elected and revitalised the CTV leadership launched an all out campaign to discredit the government and remove it from office, in alliance with FEDECAMARAS, the media, opposition political parties, the Church, and an assortment of 'civil society' (i.e. middle and upper class) groupings. Whilst the CTV and its allies managed to mobilise substantial numbers of people to strike against the government, this was achieved through intense media campaigns (see Chapter 4), the locking out of staff by company management, and promising to pay staff who went on strike – promises that were not always upheld. Nor were these strikes unqualified successes: poorer areas of Caracas, informal workers, transport sectors, and electricity sectors, as well as many areas in the interior continued to work as normal. The strikes failed in their objective, specifically to remove Chávez from office, and indeed the government emerged from them revitalised while the opposition became exhausted and discredited. Nonetheless the economic impact of the strike was significant: almost US\$8 billion, US\$3.661 million in the non-oil sector, or 3.77% of GDP, and US\$2.865 million in the oil sector was lost (Asamblea Nacional/OAEF, 2003 p3).

Meanwhile for the bulk of workers, employment, underemployment and pay remained at difficult levels, despite the protections afforded them by the Constitution. Between 1999 and 2001 unemployment hovered between 16% and 10%, reaching by February 2003 20.7% of the economically active population (EAP), or 2,406,251 persons (553,515 more than in November 2002) before the general strike. By November 2003, unemployment had dropped again to 15.4%

(Rivas, 2004). The proportion of workers in the informal sector remained for the most part over half of the working population: in 1999 52.4% of the EAP, and in 2003 53% (Provea, 2003 p122). To counteract this situation, the government announced eight different employment plans in its first four years of government, but with little effect on the figures (ibid. p123). In February 2004, the government initiated the latest, Mission *Vuelvan Caras*, hoping to incorporate a million Venezuelans by July of that year into training and reactivate idle business infrastructure to provide them with employment (MINCI, 2004).

Real growth in personal income levels remained mostly negative.¹⁰⁴ The minimum urban salary saw a steady and progressive rise from Bs.120,000 in 1999 to Bs.296,525 in May 2004 (SISOV, 2004), and similarly real per capita income as a percentage of GNP, rose between 1999 and 2001 (1999: Bs.3,368,950; 2001: Bs.3,440,931), to fall substantially by end 2003 (Bs.2,739,293) (ibid.). However, the cost of the basic basket of food remained consistently above the minimum salary, and often above per capita income, standing at Bs.316,759 in May, 2004 (ibid.). Provea (2003) reports that according to official figures, on 31 August 2003 the minimum salary only covered 80% of the basic food basket, and only 60% of the basic basket of goods. Private groups provided even more negative figures (p125).

The Constitution has a number of articles that set out the type of productive system pertinent to Bolivarian Venezuela. These articles protect private property and activity, whilst forbidding monopolies and oligopolies and encouraging social-type business associations, such as small and medium sized businesses, cooperatives, family businesses, credit unions and other such economic units (Articles 112; 113; 115; 308). Article 113 allows the State to licence private contracts to exploit resources pertaining to the State. In Title VI, Chapter 1, the Constitution reserves the right of the State to use tariffs to protect

¹⁰⁴ While in 2000 there was growth of 2.7% over the previous year, between the first trimesters of 2002 and 2003 pay levels fell by -20.6%, only to present a small rise again of 1.2% in the first trimesters of 2003 to 2004 (SISOV, 2004).

national companies, and guarantees equal treatment for national and foreign capital. It places a duty on the State to ensure 'food sovereignty', giving protection and resources to national agriculture, and discouraging '*latifundismo*' or land concentration in favour of smaller productive units (Articles 305–307).

The government began to put some of these Constitutional duties into effect with the passing of 49 Enabling Laws (Presidential Decrees) in November 2001. These laws covered a wide range of areas but all were "...[i]nformed by the view that state intervention and redistributive measures were prerequisites for sustainable and equitable development" (Buxton, 2003 p129). Chief among them, along with the Hydrocarbons Law mentioned above, was the Land Law, which set out to tackle the extreme concentration of land, and its under-utilisation. Maximum hectareage was set at 5000, determined by the level of agricultural productivity. Proprietors who failed to utilise more than 80% of their land were to be subject to an inactivity tax and, in exceptional circumstances, land could be assumed by the State. A number of institutions were set up to provide credit and technical support. The law also set out to redistribute land. A Fishing Law was also passed which allowed only traditional fishing near coastlines, and passed unclaimed coastal areas into state hands (*ibid.*). Although these laws were relatively modest in their aspirations, it was these three (and Education Decree 1011, requiring inspectors to review all schools, including private ones), which served to galvanise opposition leading to the April 2002 coup and the December 2002 strike/lockout.

Under the Land Law, 1,171,925 hectares had been transferred up until the end of 2003, according to official sources, most of this from State-held land (Provea, 2003 p237).¹⁰⁵ Another scheme, Plan Zamora, launched by President Chávez in February of 2003 benefited 17,000 farmers, and activated 21,000 new hectares of land by providing loans, tractors, ploughs and other farm machinery

¹⁰⁵ The process however has not been without conflict, as much land deemed to be in public hands was claimed by private landholders. The result has been a number of court cases, and approximately 20 peasants murdered by unknown agents, presumed to be acting for landholders (Provea, 2003 p238).

(Sánchez, 2004). Fondafa (*Fondo de Desarrollo Agropecuario, Pesquero, Forestal y Afines*) provided a total of Bs.332,817 million in loans to small farmers, peasants and cooperatives, between 1998 and 2003 (op. cit. p243). In mid 2004, Venezuela's Central Bank announced it would allocate US\$900 million for agricultural loans through different financing instruments to private banks, while the Agriculture Minister agreed with local bankers to increase resources allocated for loans to help maintain and consolidate 1.6 million hectares of land currently in use. The government's plan is to increase the number of hectares used to 2.8 million in 2004 (op. cit.). Nonetheless these efforts have yet to bear fruit, as Provea reports that "...dependency on food imports has increased, whilst scarcity and price rises of food products are notorious" (2003 p77). In 2000, under 60% of national nutritional requirements were supplied by national agriculture (ibid. p75).

Private sector production has been severely affected by the political situation in Venezuela, especially considering that the major business organisation FEDECAMARAS and associate business groups, such as FEDECOMERCIO (representing major retailers) and to a lesser extent FEDEINDUSTRIA (representing national industrialists), were at the forefront of campaigns against the Chávez government. Industry maintains that the Chávez government has been detrimental to industrial activity. One report notes that in 1997, two years before Chávez came to power there were 11,640 industries which generated 467,000 jobs, while at the end of 2003 there were only 260,000 jobs in industry. Furthermore, that industry which did continue producing did so at 50% of capacity. Reasons for recession given by businessmen were political instability and low demand (Acuerdo Social, 2004).

Most sectoral State policies are directed at the small and medium sized business sectors, by providing credits and following a policy of State buying of Venezuelan products and services. Cooperatives in particular are flourishing in areas such as security, cultivation, sanitation, and community media, to name a few. According to the National Superintendency of Cooperatives (SUNACOOB)

cooperatives rose from 1,900 in 2001, to 10,000 by July 2003, mostly in the area of goods and services (34%), food production (31%), and transportation (23%) (Gable, 2004).

Economic growth, however, has been severely affected by political instability and some say, government policy. Total average GNP growth stood at 3.2% in 1999/2000 to fall to -9.4% in 2002/2003.¹⁰⁶ Goods production has also suffered, with manufacturing being particularly damaged, going from 3.9% growth in 1999/2000 to -10.6% in 2002/2003 and services from 3.4% to -4.9%, with commerce being particularly hit (BCV, 2004).¹⁰⁷ Most of these figures show the influence of the April 2002 coup and the later strike of the same year. The predictions of international organisations and of national analysts, however, are for sustained economic growth of over 6% per year for 2004–2007 thanks to an investment that is estimated to be around US\$20 billion per year (20% of GNP) in oil, infrastructure, agriculture, and industries (both private and public) (Rivas, 2004). Rodríguez shows, however, that the economy has not become less dependent on oil, with the role of oil in production varying little from 1998 to 2002, at over 25% of productive activity and consistently contributing over 70% of exports (2003 pp.12–13).

Tariff regimes have remained relatively unchanged during the Chávez years, favouring national production, as the Constitution suggests. Chávez has consistently resisted the Free Trade Agreement of the Americas (FTAA), concentrating instead on trade agreements with other Latin American countries, such as the Andean Community (*Comunidad Andina* [CAN]) and the announced entry of Venezuela into Mercosur in July 2004,¹⁰⁸ as well as seeking to fortify joint negotiating agreements on the FTAA with Brazil and Argentina. Venezuela has also entered into a number of cooperative trade agreements with other Latin

¹⁰⁶ Of this oil activity went from 3.2% to -10.7%, and non-oil activity from 3.0% to -8.0%.

¹⁰⁷ Taking 1984 as base year.

¹⁰⁸ *Mercado Común del Sur* (Common Market of the South), a South American free trade area, comprising Brazil, Uruguay, Argentina and Paraguay.

American states.¹⁰⁹ Furthermore, Venezuela under Chávez has pursued a policy of diversification of trade, not only encouraging inter-Latin American trade, but also actively pursuing trade with Asia, particularly China and India, and the EU, Canada and Russia, in an attempt to lessen its reliance on trade with the US.¹¹⁰

On gaining power the new government set in motion reviews of the legislation on the privatisation of electricity, aluminium, telecommunications, petrochemicals, and gas in order to ensure that these deals complied with national goals (Buxton, 2003 p124). Little privatisation has taken place in the Chávez era, as the government battles with private business in areas such as the media, and with transnational groupings, such as that owned by Cuban-born Venezuelan billionaire Gustavo Cisneros, most of whom supported the April coup and subsequent strike. Indeed the government announced the launching of new State-owned telecommunications and airline companies in 2004, in line with its policies of state ownership of strategic services.¹¹¹

The production structure in Venezuela under Chávez, therefore, has suffered mostly setbacks and few gains. The question remains, however, if whether this is a direct result of government policy, or due to opposition wrecking tactics, including not only the coup and strikes, but also the consistently negative and highly publicised criticism of the government by Venezuelan business groups and the media, both at home and abroad. Rodríguez (2003) has no doubt that the government's economic policy was to blame for the

¹⁰⁹ Oil agreements with Central American and Caribbean countries through the Pact of San José, an oil agreement with Cuba, with Argentina in 2004, and a projected Latin American oil company, Petrosur, with the State oil companies of Argentina, and it is hoped, Brazil. On Venezuela and the FTAA see Lebowitz, (2003); on Venezuela in Mercosur see Guerrero (2004); on Argentine deal see Sreeharsha, 2004; on Petrosur see Rigzone, 2004.

¹¹⁰ See article in <http://www.aporrea.com> "Presidente Chávez propone la Misión Mercosur" 16/07/04. Rodríguez however points out that trade actually grew with the US from 17.38% of total trade in 1997–98 to 33.84% in 1999–2001 (2003 p18).

¹¹¹ See for example Union Radio report Wednesday 9 June, 2004 "Comisión de Finanzas aprueba suscripción del 100 por ciento de acciones de Conviasa" at <http://www.unionradio.com.ve/noticias/noticia.aspx?noticiaid=114001> and report on new Telecommunications enterprise 4 July 2004 "Venezuela activará nueva empresa de telecomunicaciones" at <http://www.unionradio.com.ve/noticias/noticia.aspx?noticiaid=115794>

severe recession, which affected Venezuela from 2002 onwards. He argues furthermore that the government could have minimised opposition and disruption by a softer discourse showing the moderacy of its various proposals, such as the Land Law, the Education Law, and the Hydrocarbons Law. Indeed he points out that there is nothing in the government's programme that is inherently antagonistic to the interests of the sectors that form the most strident parts of the opposition. Nevertheless, he maintains, the government used incendiary classist discourse highly influenced by left-wing language and symbols, alienating moderate elements in the opposition. The result he concludes is one of the worst economic performances by any Venezuelan government in the last 40 years.

Rodríguez has a point. Parker (2002) also signals the government's discourse as one of the main reasons for the unification of the opposition around the slogan "Out with Chávez", giving them political grounds to seek the destruction of the government through a coup. A context of extreme political polarisation emerged where many of the main productive groups and the middle classes who manage much of the private productive apparatus, and much of the State bureaucracy as well, united against the government, if not exactly for an identified alternative project. However, Rodríguez ignores the fact that sections of the opposition, notably the CTV and FEDECAMARAS were radically against the government from the very beginning, and with the aid of the media used the mild legislation in the Enabling Laws as a pretext to commence their wrecking campaign of the government programme. Furthermore, while he argues that it was government policy which led to recession in 2002 and beyond, he does not adequately isolate the effects of this, the coup and strike, and exogenous factors such as the recession brought on by the September 11 attacks in the US, to effectively measure which of them caused the most harm. Moreover Rodríguez does not allow for the need for more time for some of the Government's plans to achieve fruition, such as the Land Law, which are of essence long-term strategies.

While Rodríguez rightly points out that there was no threat to the main economic groups interests he fails to ask the next logical question: why then did they oppose the government so strongly? It seems spurious to lay the blame solely at the door of the government's discourse, as he does. As González Plessmann (2002) points out, despite the moderacy of the Venezuelan government's programme the "great national and international" powers find in Chávez "a threat or obstacle to their objectives" (p21). Gibbs (2004) echoes this when he states that in the context of limited maneuverability for governments brought about by globalisation, even mildly nationalistic leaders are anathema. Thus, in this context "Nestor Kirchner looks quite radical, Evo Morales entirely unrealistic and Hugo Chavez Frías just all around problematic" (2004).¹¹² Rodríguez also ignores the wider regional situation, whereby most Latin American countries which have applied neoliberal policy prescriptions to some extent or other, have also failed to significantly alter the dire living conditions of the majority of their peoples, despite more consistent, and sometimes spectacular, growth rates.

Essentially it can be argued that it is extremely difficult to measure to what extent the Chávez government is responsible for failing to achieve its economic objectives, due to the, often seditious, nature of the opposition campaign against it. In this way, rather than obstructing the government, the opposition has helped it to appear more embattled, obscuring the truth through anti-government misinformation campaigns leading to increased polarisation, and allowing the government to blame, often with reason, the Opposition for the continuation of Venezuela's difficulties.

3.5.5 Security

Wilpert (2003) identifies four phases in government social policy strategy, the first during 1999, which was characterised by the implementation of the

¹¹² Nestor Kirchner is President of Argentina (2003). Evo Morales is the main opposition leader in

Armed Forces led Plan Bolívar 2000; the second during 2000–2001, which consisted of the launching of the government's long- and medium-term poverty reduction programs, of macro-economic reform, urban and rural land reform, the creation of Bolivarian schools, and support for micro-credits and cooperatives. The third lasted from December 2001 to May 2003, where due to the unsettled political and economic situation the government experienced many setbacks in implementing their policies. The latest phase, dating from May 2003 consists of an all-round offensive on the part of the government on poverty and exclusion through the vehicle of the various 'Missions'.

Plan Bolívar 2000 took as its base line the notion that human security was synonymous with national security and that the Armed Forces could play an important role in the provision of that welfare. As a result the military participated in providing transport, house-building and repair, policing, and food distribution, disaster relief, school construction, road building, and more. Twenty thousand homes were built, 10,000 rebuilt and soldier-aided Mega Markets sold 112,000 tons of food each month in poor regions at discount prices (Gable, 2004). Over two million people received medical treatment. Nearly a thousand inexpensive markets were opened, over two million children were vaccinated, and thousands of tons of rubbish were collected, just to name a few of the program's results (Wilpert, 2003). The Plan was criticised for being poorly managed and having little transparency, resulting in charges of corruption against the officers in charge of the programme. Wilpert argues, however, that given the context of recession and the major disaster at Vargas (see note above), the seriousness of the problems, the lack of resources, and the government's focus on reforming the constitution, Plan Bolívar 2000 still had an important positive impact on the poor of Venezuela.

In the second phase of social policy identified by Wilpert (2003), the government initiated its medium to long-term policies such as the Land Law, and the credit giving schemes (see above). However, not only did the government

Bolivia. Both espouse nationalistic policies.

work to distribute land in the countryside, it also worked on urban land reform. By November 2003, according to Wilpert, throughout Venezuela about 45,000 families (benefiting 225,000 individuals) had received titles to their homes, with another 65,000 families (or 330,000 individuals) planned to receive them in 2003/2004.

The government took action on the Education front also, implementing the Bolivarian Schools scheme in an attempt to raise the standards and variety of education and tackle scholarly desertion and even malnutrition. These schools provide day long tuition with more cultural and sports activities,¹¹³ and they provide children with breakfast, lunch, and a late afternoon snack, regular meals that many poor children often did not receive before. Wilpert (ibid.) states that by 2003, approximately 2,800 Bolivarian schools had been opened serving about 600,000 children, or 12% of all school-age children. In general, as a result of government educational policies, The percentage of children in school in Venezuela went from 83% in 1999 to 90% in 2002. Furthermore, under the so-called "*Plan Simoncito*" the availability of daycare places for younger children went up by 5% between 1998 and 2003. Finally the government launched the Bolivarian University to tackle the fall in working-class admission rates to universities, standing at only 19% in 1998 (which in 2003, however, passed the 50% mark: see below). So far 2,400 students have enrolled in the university, which began its first classes in October 2003, and another 20,000 are pre-registered. The university will have branches throughout the country and is eventually supposed to reach a total enrolment of 100,000 (MINCI, 2004).

In its latest phase, the government launched a number of 'Missions' to tackle inequalities in health and education. To improve access to health services for slum dwellers, the government launched Mission *Barrio Adentro* (Into the Neighbourhood). This mission involves the construction of small community health clinics in the *barrios*, in areas that previously never had doctors, staffed

¹¹³ Most Venezuelan public schools, as indeed in many other Latin American countries, have *turnos* or two intakes of children, in the morning and afternoon.

with Cuban doctors and Venezuelan nurses.¹¹⁴ Government figures estimate that in the first half of 2004, 29.8 million consultations were made and 9.9 million cases were seen (MINCI, 2004). Mission Robinson I and II was designed to tackle illiteracy in Venezuela, using over 100,000 literacy teachers from Cuba and Cuban methodology. According to government statistics, over 1 million Venezuelans are currently benefiting from the program. Mission Robinson II teaches people who benefited from the first phase of the programme to get to 6th grade. The programme began on 28 October 2003, and intends to incorporate over 629,000 students. Mission Ribas is designed for individuals who dropped out of high school, to help them complete their studies and then place them in apprenticeships with state companies. Mission Sucre is a scholarship program for a university education, through which 100,000 poor Venezuelans can receive the Venezuelan equivalent of US\$100 per month for their university education.¹¹⁵ Mission Ribas aims to incorporate those 5 million Venezuelans who failed to finish secondary school, using televisual methodologies and 17,000 trained facilitators. According to the government a total of 507,322 students received tuition in the first stage of this Mission (MINCI, 2004). Other Missions are: *Vuelvan Caras* (see above) tackling employment, Mission Miranda, retraining ex-security personnel as a Military Reserve, Mission Mercal, providing cheap food to barrio dwellers through a network of state- and military-run supermarkets, shops and markets, and Mission *Vivienda* to provide housing and integrated communities. An important point to note about the Missions is that most of them are managed by the relevant ministries. In total, the government provided Bs.6 billion to the Missions in the first half of the year 2004, of which about half, Bs.3.2 billion, was provided by PDVSA (Armas, 2004).

¹¹⁴ There is a plan to gradually replace the Cuban doctors with Venezuelan ones, as they can be found, after objections from the doctors association.

¹¹⁵ In September 2003 over 420,000 Venezuelans indicated an interest in the scholarships, however it is unclear where the places for these students will be found, within the existing system or the Bolivarian University (Wilpert, 2003). President Chávez however announced in July 2004 funding of Bs.50,000 million for the building of 41 university establishments throughout the country (MINCI, 2004).

Article 83 of the Constitution establishes that health is a fundamental social right and that the State must guarantee it as part of the right to life. Provea (2003), however, finds that this right is not fully provided for in Venezuela. While government policies are generally favourable to achieving that Constitutional aim, the government has not managed to solve the severe infrastructural problems in the Venezuelan health system. Provea points out that part of the problem is the high rotation of ministers: in the four years of the present governmental term there have been three ministers (2003 p153). The Venezuelan health service is institutionally and financially fragmented, divided between five different entities.¹¹⁶ Furthermore, spending on health at 1.8% of GNP, in 2002, is way below the rate of 5% stipulated by the World Health Organisation (WHO) (ibid. p43). Provea also notes that in the public system there are grave shortages of medicines, materials, and equipment, with frequent equipment breakdowns (ibid. p47). Furthermore, the sector is beset with internal labour difficulties having suffered 21 stoppages throughout September 2002–2003 (ibid.). Thus, while through Mission *Barrio Adentro* the Venezuelan government has managed to widen access to health services, it has not managed to improve or rationalise existing services.

There have, however, been more notable improvements in access to education, according to Provea. The percentage of increase of children going to school during the Chávez government's mandate is greater than during any other government in the last ten years. Average annual growth in school attendance from 1999–2002 has been around 5.5% per year. One of the reasons for this increase is the guarantee given by the State of free education. In 2002, 96.5% of children attended basic education school; however, of every one hundred children who attend first grade only 50 reach ninth grade (ibid. pp.197–199). As a result millions remain excluded from the system, and most of those come from

¹¹⁶ These are: Ministry for Health and Social Development (MSDS), individual federal states, the Venezuelan Institute for Social Security (IVSS), Institute for the Provision of Social Assistance of the Ministry of Education (IPASME), and the Armed Forces.

the poorer sections of society and rural areas. Eighty-nine per cent of those children who don't attend school are from poor homes, and live in areas with less than 25,000 population, where 1 in 5 children don't attend school (ibid. p48). Provea also reports on deficiencies in teacher training and infrastructural problems in schools (ibid. p209). However, they also point out that in 2002–2003, for the first time in many years, more students from state schools are attending university (which is free in Venezuela) than those from fee-paying schools. The amount of resources as percentage of GNP dedicated to education in Venezuela grew by 7.9% in 2003 compared to 2002. In 1998, the last year of the Caldera government, Venezuela spent 3.2% of GNP on education, or 41.1% of social spending, while in 2002 the Chávez government spent 4.6% of GNP or 43.3% of social spending (ibid. p221).

In housing, Provea notes that while the State failed to build 75% of its planned units in 2002, there were significant advances in State-sponsored schemes of community self-organisation in regularising urban land title and accessing essential services, such as water, gas and electricity (ibid. p223). Spending on housing as a percentage of GNP has varied, from 0.7% in 1999 to 1.6% in 2000 (ibid. p226). Eighty per cent of dwellings have access to services, but those that don't are 99.9% within shanty towns (ibid. p234). To make up for this deficit, service companies, particularly of water and gas, have been training people in the shanty towns to organise communities to gain access to these services (ibid. p236).

What effect have all these policies had on poverty and human development? According to government figures, poverty went from 44% in the first semester of 1999, to 39.8% in the second semester of 2001 to 49.4% in the second semester of 2002 (SISOV, 2004). Meanwhile, the national Human Development Index (HDI) rose from 0.7370 to 0.7785 between 1999 and 2002, moving up one place from 2001 (ibid./UNDP, 2002/2003). This rise was achieved particularly through increased spending on education, despite falls in GDP per capita (Gindin, 2004). Rodríguez reports that while the level of poverty has

shown a marked reduction in comparison with the two previous governments, it is still the third-highest level of poverty since 1950. Furthermore, he claims that the high level of salaries caused by currency appreciation from 1999–2001 can account for much of this reduction (2003 p10). The government claims, however, that the reduction in poverty was due specifically to government policies, which, however, were affected negatively in 2002 by the coup and subsequent strike/lockout. In support of this thesis, Stinard (2004) shows how poverty grew as a direct result of the coup and strike.¹¹⁷ Poverty in 2004 showed a tendency to reduction once again.

In conclusion, the Chávez government has had mixed results in human security policy, the best of these being through the Missions and in the education system. The main difficulties seem to lie in spending, with low spending levels in health and housing and with infrastructural problems, particularly in health. However, policies did seem to be having a positive impact on reducing levels of poverty, except when they were interrupted by political events such as the April 2002 coup and the December 2002 to February 2003 lockout/strike.

3.5.6 Knowledge

The polarisation in Venezuelan society was also reflected in the knowledge structure. One of the difficulties the Chávez government faced was in recruiting trained personnel for government. Much of the university sector, a mostly middle-class bastion, remained implacably opposed to the government, and thus provided their expertise to opposition groups. Large parts of State bureaucracy were also staffed by sectors hostile to the government, especially in PDVSA where 18,000 management and senior staff took part in the December 2002 strike/lockout. As was noted above, the private sector, particularly larger capital

¹¹⁷ Stinard (2004) shows that, according to National Statistics Office president Elias Eljuri, after the April 2002 coup the poverty rate grew slightly to 41.5%, but the effects of the coup were felt more severely by the end of the year during the petroleum strike, when poverty surged to 48.6%. Unemployment reached 20.7% in February of 2003, and this undoubtedly resulted in the peak poverty level of 54% with extreme poverty reaching 25.1%.

and transnationals were actively involved in opposition to the government in the form of strikes and other actions.¹¹⁸ The private media (see Chapter 4) was also at the forefront of the opposition. Finally much of the international community, lead by the US, was also active in supporting the opposition, and many foreign-owned transnationals took part in the strikes. Whilst the privatisation process had not been as thorough in Venezuela as in other Latin American countries, key sections of the productive apparatus with strategic significance, such as telecommunications, were already in private foreign hands. All these sectors possessed substantial parts of the knowledge structure in Venezuela, and were often actively using their access to it to bring down the government.

The government responded in a number of ways. First, it strengthened its hold over PDVSA, a process facilitated by the strike/lockout which allowed the government to sack striking employees for dereliction of duty and sabotage. Second, substantial numbers of personnel for the government were found amongst left-wing academic circles to staff upper management in State bureaucracies. Third, through the Missions, such as *Ribas*, *Sucre*, *Vuelvan Caras*, and the Bolivarian University, the government began to train replacement personnel, more sympathetic to the Bolivarian project, to staff the bureaucracies. Fourth, through agreements with Cuba, the government used Cuban personnel to staff some Mission programmes, such as *Barrio Adentro*, where many Venezuelan medical personnel were unsympathetic and unwilling to work in it. Increased co-operation with other Latin American States, such as Argentina, and further afield in Asia, was used to replace the lost investment and technology traditionally sourced from the US. The government also used State radio and television, and funded and encouraged community based media to counteract negative coverage from the private media. It also used State security and intelligence to monitor opposition and private sector political activity. Finally, the government, as pointed out previously, looked to State investment in new State-

¹¹⁸ Most of the main private banks and transnationals, such as McDonalds, took part in the December 2002/February 2003 strike/lockout.

owned enterprises, such as in telecommunications, to counteract foreign dominance of these sectors.¹¹⁹

3.5.7 Conclusion

The Chávez government sought to maintain State involvement in key elements of each of the four structures, and so maintain indigenous control of these elements, whilst simultaneously promoting private enterprise and foreign investment from non-traditional sources (i.e. non-US). The government looked to maximise the variety of forms of ownership, while not interfering dramatically in the existing ownership structures, financing the former with increased credits for previously excluded sectors. In this way, the Chávez government attempted to create equilibrium between the State and the markets, while favouring more participation of the popular classes.

In the finance structure, the Chávez government maintained tax rates, while attempting, like Fujimori to improve collection. It maximised its control of tax revenue from oil to finance social spending. Simultaneously, it attempted to improve macroeconomic indicators, and pursued a policy of maintaining high foreign reserve levels, and prompt payment of debt. In this way it hoped to keep international financial markets content as the government pursued its long-term strategies, and keep IFIs at arms length, particularly the IMF. In production, the government almost abandoned privatisation, keeping control of key production

¹¹⁹ CANTV the old State telephone company and principal provider of fixed telephone and Internet services, belongs to US company Verizon Communications VZ. Seventy-eight per-cent of Telcel, Venezuela's principal mobile phone operator passed to Telefónica, the Spanish telecommunications giant, from US firm Bell South in October 2004. The Venezuelan government expressed concerns about CANTV being involved in 'electronic fraud' with the Opposition in the Revocatory Referendum against President Chávez (See Radio Nacional de Venezuela "Informe Oficial Revela Complot Sumate-CANTV" at <http://www.rnv.gov.ve/noticias/index.php?act=ST&f=2&t=7037> 29 July 2004; see also El Universal "Vamos a extremar los controles sobre la Cantv" http://www.eluniversal.com/2004/07/29/pol_art_29108A.shtml 29 July, 2004). Pronouncements from Opposition sectors would seem to give credence to government fears, as Enrique Mendoza, opposition governor of Miranda state, claimed the opposition had a system, which he refused to explain, which would allow it to monitor voting "...every minute...in all the voting centres" (Irish Times, "Vote on Chávez will be closely tracked", Friday July 30 2004, p11).

apparatuses, such as the oil industry, in the hands of the State. It promoted different ownership types, such as co-operatives, and put government business towards these newly created enterprises. It pursued a policy of diversification of foreign investment and trade towards Europe and other areas of the South, particularly within Latin America, as well as Asia.

In security, the Chávez government increased social spending significantly, especially in education, and on its so-called Missions, aimed at widening popular economic and social participation and access to social goods. It sought to reorder the balance in the knowledge structure, which was primarily in private, corporate hands, by encouraging alternative media outlets, and increasing access of the popular classes to third-level education.

Thus the Chávez government pursued an intensive populist distributivist policy in all four structures, aimed at counteracting the growing dominance of the globalised market, particularly the transnational agents of that market. This was achieved by an increased protagonism of the State in association with indigenous producers and consumers, most of whom were drawn from the popular classes. The Chávez government, however, did not turn its back on globalisation, but rather rejected its neoliberal variant in favour of a multi-polar model more attuned to its social obligations.

3.6 *Comparative implications: sovereignty and inequality in Fujimori's Peru and Chávez's Venezuela*

We can see in both these cases the playing out of globalisation processes in often markedly different ways. In the Peruvian case, we see an implantation of globalisation tendencies, which overwhelmingly favour the market. In the Venezuelan case, a counter-reaction to globalisation tendencies is being fiercely resisted by the "information rich" in that country, in league with the "capital rich" outside it. In the Peruvian case, the financial structure was internationalised through increased dollarisation, privatisation of the banking system, liberalisation of capital markets, increased foreign investment, and increased debt and debt

repayments. These results limited the flexibility of the Peruvian government to vary policy from neoliberal orthodoxy without being subjected to penalties from the international financial system.

In Venezuela, on the other hand, we see a concerted effort on behalf of the Chávez government to arrest that process initiated by previous governments. There the government used policies based on a combination of distributivist state-intervention, alongside the market, to achieve national goals in the finance structure. However, the Venezuelan case is illustrative of the fierce penalties governments who attempt to oppose neoliberal hegemony can face. The Peruvian government achieved a high degree of domestic independence but at the price of dependence on the international financial structure. The Venezuelan government on the other hand sought to engage with globalisation on their own terms from a position of international autonomy, based on internal support from the Armed Forces and the popular classes, in order to maintain sovereignty in policy making.

In the Peruvian production structure, manufacturing became secondary to the primary sector, which by its nature is more exposed to the international commodity markets. Firms became larger and more were foreign owned, especially in privatised companies.¹²⁰ Local national capital was left defenceless in the face of imports and international competition. Peru became more dependent on Foreign Direct Investment (FDI) as domestic savings remained at levels insufficient to finance growth. In Venezuela, there was also a decline in manufacturing, although the government did pursue a sectoral policy which supported national capital, both state and privately owned, and especially small and medium sized businesses. Privatisation was detained, and in some cases the State sought to enter in competition with privatised companies. Tariffs were maintained and free trade with the developed world resisted, but encouraged on

¹²⁰ The net productive value (NPV) of the 100 largest foreign firms in Peru amounted to half of the NPV of the hundred largest firms of the entire country (Gonzalez, 1998 p115). In other words, the larger firms of Peru are increasingly in the hands of foreigners.

a regional level. Once again the Venezuelan government sought a high level of autonomy at the international level, both within and outside its borders, and its right to exercise sovereignty in its economic decision making processes. Nonetheless, it was prepared to compromise sovereignty with other Latin American States in order to further regional integration and strengthen its international position *vis á vis* the developed world.

In the security structure in Peru, most welfare provision was made available through centralised agencies controlled by the presidency, advised and often financed by international agencies, and directed at specific populations. These agencies used highly focalised strategies which often bypassed existing institutions. In Venezuela, on the other hand, the Chávez government sought to provide universal coverage, while focussing on the poor through the Missions. These programmes were financed by national resources, led by the national government, but often sidelined the relevant ministries. Furthermore they sought, unlike the Peruvian programmes, to rectify inequality rather than simply relieve poverty.

Finally, in Peru the transference of capital to large foreign concerns, especially in key areas such as telecommunications, finance and mining, and the involvement of large international agencies in welfare and institutional reform, dependent on international aid, ensured that the knowledge structure passed increasingly into the power of foreigners. In Venezuela, the Chávez government and opposition sectors in the middle class, backed by transnational actors, fought for control of the knowledge structure.

In Peru, inequality was exacerbated through the effect of reforms across the four structures. Changes in the financial structure led to increased concentration of ownership in the financial sector and a reduction in the availability of credit to the less well off and national capital. Increased dependence on indirect taxes increased the tax burden on ordinary Peruvians, regardless of income, and income tax restructuring favoured capital and the

wealthy. Increased debt and debt repayments reduced the availability of resources for social distribution of wealth.

In Venezuela the Chávez government sought to increase credit provision to the poor and the national sector, and put more government business towards those sectors. Tax structures were kept intact, while the government attempted to modernise revenue infrastructure and improve efficiency. The government actually reduced sales tax in July 2004, although it still contributes a large share of tax revenue. It also maximised oil revenue in comparison with the previous government to provide more social spending while being careful to honour its international debt commitments.

In Peru, labour reforms favoured employers over workers, resulting in less job security, increased casualisation and underemployment, more informality, less union representation, and a transferral of wealth to capital from labour. Prospects for improvements in employment after a decade of reform remained bleak. In Venezuela, the government strengthened the rights of workers, including those in the informal sector, though employment prospects remained poor for the majorities. Through the various Missions and increased education spending, however, the government attempted to provide increased training to the poor. Nonetheless, unemployment and underemployment remained high, although with a tendency to improvement in early 2005.

In the Peruvian security structure, whilst government had some success in reducing poverty, especially absolute poverty, these improvements proved unsustainable, and did not substantially alter income inequality in the country (Pascó-Font and Saavedra, 2001 p263). Access to social services remains skewed in favour of the better-off urban citizen, spending remains inadequate, and quality remains poor. Similarly, in Venezuela the government had some success in reducing poverty initially, and improvements in education and other measures such as land reform should, all going well, result in greater equality. However, government efforts have been hampered by poor economic management and

massive opposition protest. Most spending was on social security, which favoured the better off worker (Rodríguez, 2003).

Finally, in Peru knowledge became increasingly centralised into the hands of central government and international agencies and companies, and little effort was made on the part of government to bolster alternative sources of knowledge. Knowledge was circumscribed within neoliberal discourse, due to an establishment consensus in favour of that ideology. In Venezuela, on the other hand, there was a genuine hegemonic struggle between a putative neoliberal discourse offered by the opposition, and the Chávez-led revolution which sought a more socially equitable, 'Third Way' form of capitalism. The State took an active part in this contest of ideas, as did sections of civil society who became mobilised behind one band or the other.

In Chapter 2 we saw how a lack of legitimacy on the part of States to address structural inequalities leaves a gap open in democracies between what Canovan (1999) called 'the politics of redemption' and 'the politics of scepticism'. Populist leaders enter through that gap to take power, using strong anti-status-quo discourses to attract support, especially from the popular classes. The failure of ISI policies linked to populism in the 1980s led to that gap being widened and Latin American populaces seeking forms of government which reflected more accurately their desire for participation. In Chapter 3 we saw how Fujimori and Chávez used anti-status-quo discourses to make direct links between themselves and the people.

In this chapter, I have suggested that globalisation processes, far from making populism redundant in Latin America, as previously thought, have contributed to the emergence of two radically different kinds of populist leaders. On the one hand, governments such as Fujimori's have emerged, attempting to articulate neoliberal globalisation to limited distributivist, indeed assistentialist, policies in order to offer solutions to the crisis brought about by the exhaustion of ISI. These policies nonetheless failed to tackle structural inequalities, although they did relieve the more immediate negative effects of the model, while

simultaneously strengthening in a clientelistic fashion the link between the President and the popular classes.

Indeed, as we saw in the Introduction to this thesis, neoliberal policies have led, in the majority of cases, to more inequality in Latin American countries and less sovereignty on the part of governments in the region to tackle this growing inequality. This, in turn, has widened the gap once again between 'the politics of redemption' and the 'politics of scepticism', leaving the way open for the emergence of other populists, ranged against the forces of neoliberalism, as the Chávez case shows.

In that case, however, we find a government attempting to widen participation in a more profound and comprehensive manner. Here there is a more concerted effort, through the State, to reassert national sovereignty in policy making, in order to reorder to some extent the structural inequalities compounded by globalisation, without turning its back entirely on the opportunities globalisation presents. Once again there is a strong connection between the leader and the people brought about by these policies, but these links are motivated by ideology as well as through the economy as we shall see in Chapter 5.

In essence, the policies of both governments were framed to a degree by the context of neoliberal hegemony, with the Chávez government rejecting and contesting the validity of that hegemony, while the Fujimori government embraced and furthered it. Both governments, however, show a preoccupation to some extent with the rights to participation of the popular classes, which are translated into fervent support and identification with the leader of both processes. Fujimori's, however, was an authoritarian personalist project articulated to a fully-fledged neoliberal ideology, masquerading as a liberal democracy, and concentrating solely on 'poverty relief'. The Chávez government, on the other hand, strove to become a participative democracy where the political, the social and the economic were all areas requiring further popular participation. Chávez's economic and social policies reflected those concerns, and

as such were wider and more comprehensively distributivist. The Fujimori government, therefore, was much more akin to 'neopopulism', (i.e. Weyland, 1996), while the Chávez government is closer to 'classic' populism; that is, populism as a social-democratising political strategy (i.e. Lynch, 2000). Both presidencies, however, show the continuing relevance of populism to contemporary Latin American politics despite or perhaps because of, globalisation and neoliberalism, and the cleavages and contradictions that these policies have compounded.

As a result of a decade of neoliberal reform under President Fujimori, Peruvian sovereignty became more circumscribed by international conditions and demands, and inequality was increased to a substantial extent in all four structures, tipping the balance overwhelmingly in favour of the market, and against the State. Furthermore the new neoliberal model was non-negotiable as the Fujimori government doggedly defended it, despite its failure to achieve sufficient long-term growth. As Gonzales (1998) wrote:

The idea to firmly maintain the orthodox economic policy without variations for such a long period, under the supposition that the economic agents need to have a feeling of stability in the economic environment, is an idea biased in favour of the interests of the most modern and largest capitalists, foreign and national, and [the] [...] multilateral organisms, forgetting that the country also has workers, small businessmen, peasants and independent workers, that is economic agents who are also waiting for favourable results for themselves, so that they too can support the model (p70).

In such a scenario, Gonzales concludes that the principal problem of the model in Peru is an imbalance between equity and efficiency, "...which does not provide the basis from which to enter the virtuous circle of development with democracy" (ibid. p121). As such, "Peruvian neoliberalism [...] still doesn't show signs of political or social sustainability in an institutionalised manner" (ibid. p127).

The Venezuelan government attempted to address these problems by putting inequality at the centre of its political discourse. The Venezuelan State, under the Chávez government actively operated in the market, of goods, services, and ideas, to tip the seesaw of market and state to a more balanced

equilibrium. The issue of national sovereignty was central to this strategy and it is here that we can understand the origin of the fierce resistance of the "knowledge rich" middle classes, many of which are already deeply integrated into transnational sectors closely linked to the core country economies, especially the US.¹²¹ The Chávez government, therefore, intervened on behalf of the "workers, small businessmen, peasants and independent workers", in order to further their interests, and therefore, it was thought, the national interest, reinforcing Venezuela's sovereignty and economic independence in an increasingly globalised world. In this way, it sought to strike a balance not only between the State and the market within Venezuela, but also between the global market and the national market, and the global international structure and Venezuela's national strategic requirements as an independent sovereign nation.

Furthermore, the Chávez government, unlike the Fujimori government, sought to correct the imbalance between equity and efficiency by engaging these national sectors in the project through democratic inclusion which went beyond, but not excluding, elections, promising social and economic as well as political rights, and extending participation in all these areas to previously excluded sectors. In this way, the Venezuelan government attempted to achieve development with democracy, unlike the Fujimori government, which attempted to achieve development through a centralised, personalised, authoritarian "delegative democracy".

Whether the Chávez project is sustainable in the long term depends greatly on the evolution of the Venezuelan political crisis. So far the Opposition has only sought the destruction of the Chávez government and has refused to co-operate in a public-spirited manner with it, denying its legitimacy. It is unlikely that this will change in the near future, as it is not perceived to be in the interests of the different opposition sectors, their social base and their foreign backers for the Venezuelan government to succeed. Only time will tell, therefore,

¹²¹ Blanco Muñoz states for example that "the immense majority of our great team of Venezuelan economists today subscribe to neoliberalism" (1998 p618).

if this particular attempt to contest neoliberal hegemony in Latin America will survive or not.

3.7 Conclusion

In this chapter I have provided a comprehensive review of the political economy of both countries under their respective presidents, using a framework derived from Strange's *States and Markets*. I have highlighted several fundamental differences between both presidents on every level of the framework.

In both cases, it was shown that distributivism was an important feature; but in Venezuela there is a much greater level of popular participation. In Peru on the other hand there was a much greater emphasis on the market as the deciding factor in distribution, whereas in Venezuela the state takes a much greater role. Through distributivism and participation both governments sought to secure the legitimacy of their regimes and in both there were attempts to confront the realities of globalisation. In these ways both attempted to achieve hegemony in their respective societies. By achieving hegemony they sought to secure their ideological viewpoint economically, socially and culturally. How they attempted to do this will be discussed in the next chapter.

4 CHAPTER 4: The leader and the led: Hegemonic strategies in the leadership of Alberto Fujimori and Hugo Chávez

4.1 Introduction

Crisis, as we saw in Chapter 1 is a central concept in populism, as it is the opening through which strong personalist leaders seek to gain power. But what strategies do these leaders use to gain and maintain power? As we found in Chapter 1, the literature on populism leaves a number of gaps in the answer to this question. While the literature is quite emphatic on the central role of the people and the leader and the relationship between the two as a central hallmark of populism, information on the nature of the people and the content of that relationship is unclear. The use of appeals to the people is a fundamental strategy for the gaining and maintenance of power though once again their nature and content is not thoroughly explained. The varied ideological nature of populism provided further difficulties.

In our discussion in the second part of Chapter 1 we focussed particularly on the work on populism of Laclau (1977) as a plausible solution to these difficulties. Laclau pointed to the varied nature of the concept of the people, the variety of the content of appeals to the people, being based on national popular elements rather than class, and antagonism to the status quo. Finally he discussed the ability of populists to articulate those elements to varied ideologies or mixes of ideologies through discourse in order to achieve hegemony.

So the central question here is in effect, following Laclau, how these populist leaders and movements achieve, or indeed if they are able to achieve 'hegemony'? This chapter will take as its starting point the concept of 'hegemony' as developed by Gramsci (1971), and more recently Laclau and Mouffe (2001). I will look particularly at the Gramscian concepts of 'force' and 'consent' and argue that both are needed in order for a particular social group or groups to achieve hegemony. Furthermore, as Laclau and Mouffe (2001) argue, hegemony is achieved through 'antagonism', a concept central to Laclau's (1977)

theory on populism. Following on from that, the literature on populism will be reviewed to construct a framework of strategic resources used by populist leaders to achieve hegemony. This framework will then be used to examine the strategies used by Fujimori and Chávez. Finally consideration will be given to whether these presidents used 'consent' or 'coercion' more forcefully in their hegemonic strategies, or rather I will assess, in Laclau and Mouffe's words, the relative balance between the 'logic of democracy' and 'totalitarianism' in each presidential regime.

In effect the purpose of the chapter is to examine critically the ideologies of both presidents and how they used these ideologies to achieve hegemony. In this way we will be examining, following Habermas (1976) not only the political content of each president's discourse but also its cultural content and how that contributed to their gaining legitimacy with the majority of the population in both countries and thus moved towards achieving hegemony.

4.2 *Hegemony and populism*

4.2.1 'War of Position' and 'War of Manoeuvre'

According to Gramsci 'organic crises' (that is when social classes become "detached from their traditional parties") create a vacuum of leadership leaving the way open for "charismatic 'men of destiny'" to take power often through "violent" means (Gramsci [1971 p210). However, to achieve true hegemony Gramsci insists that the duality of the political process must be taken into account. He uses Machiavelli's image of the centaur to illustrate this duality, representing "the levels of force and of consent, authority and hegemony, violence and civilisation, of the individual moment and of the universal moment (...)" within the political process (ibid. p170). Hegemony is not simply the capturing of the institutions and trappings of State power, but also as Miliband states "to maintain control over the 'hearts and minds' of subordinate classes" (cited in Ransome, 1992 p132). It is not simply sufficient to capture the State, in other words the apparatuses (police, courts, army etc.) used to ensure coercion;

'private' civil society (the media, political parties, unions, the family etc.) must also be dominated through 'consent', as it is here "that hegemony is exercised" (Hall et al, 1977 p47)¹²².

Gramsci developed two theoretical strategies to achieve this subtle and complex hegemonic task, the concepts of 'war of manoeuvre' and 'war of position'. The 'war of manoeuvre' is an all out frontal attack designed to take control of the apparatuses of the State in one move, by overthrowing the coercive agencies of the state and its military forces in particular. A 'war of position' on the other hand is a more gradual and subversive strategy to gain control of civil society, tackled on its own terms, through ideological and political 'attack'. Gramsci writes, using the military metaphors to which he was partial: "A war of position is not, in reality, constituted simply by the actual trenches, but by the whole organisational and industrial system of the territory, which lies at the rear of the army in the field (...). The superstructures of civil society are like the trench-systems of modern warfare" (Gramsci, 1971 pp234-235). In effect, as Ransome (1992) argues, a 'war of position' and frontal attack are within a single overall strategy.

While Gramsci envisaged that a 'war of position' strategy was particularly necessary in advanced capitalist countries as undeveloped societies lack the "political super-structures, created by the greater development of capital" (Gramsci 1971 p238; see also p243), he also believed that each country should be examined on its own circumstances as: "In every country the process (of crisis) is different, although the content is the same"(ibid. p210). Leadership is crucial in the 'war of position' as it must provide the terms of "an intellectual and moral reform (...) [towards] a national-popular collective will (...) which has to be linked with a programme of economic reform" (ibid. p133). In doing so this leadership forms an 'historical bloc' of groups and individuals who are linked by a common vision against that of the *ancien regime*.

¹²² There is some discussion about the actual meanings of these and other terms in Gramsci, which is beyond the scope of this chapter to discuss. See Anderson, P (1976).

4.2.2 'The logic of democracy' and populist hegemonic strategies

Laclau and Mouffe (2001), however, reject the traditional Marxist position, accepted by Gramsci, of the centrality of class and the existence of a hegemonic centre (Laclau and Mouffe, 2001 pp137-138). For these two theoreticians it is impossible to achieve what they term "suture", that is permanent fixity or definition. Social formations are characterised not by equivalences but by *differences* which are united through "negativity, division and antagonism". It is antagonistic hegemonic practices, discourse being chief among them, which unites the multiplicity of identities into a 'collective will' and 'historical bloc'. Only through the negativity of the 'Other' can differences constitute themselves as equivalences and unity become a reality amongst different subject positions, and it is through discourse that this is achieved¹²³.

However, the boundary separating any two opposing forces is constantly changing and moving, and it is on this terrain that hegemonic practices are played out. Discursive concepts are "floating signifiers" and can be articulated into a variety of discourses (ibid. pp170-171) be it "right-wing populism and totalitarianism on the one hand, and a radical democracy on the other (...). The forms of articulation of an antagonism, therefore, far from being pre-determined, are the result of a hegemonic struggle" (ibid. p168). Discourse is an attempt to "dominate the field of discursivity, to arrest the flow of differences, to construct a centre (in other words, a *partial* fixation)" (ibid. p111)(my italics). No meaning is absolute and discourse can only give 'signifiers' or 'nodal points' a partial meaning which is thoroughly contestable from a different viewpoint (ibid. p113).

¹²³ An example of this would be the concept of globalisation, which has been articulated into a neoliberal discourse by the Right. Yet the so-called 'anti-globalisation' movement, coming as it does from a plurality of perspectives (ecological, pacifist, indigenous etc.) shows that the 'signifier' 'globalisation' can be articulated into alternative discourses and given entirely different meanings. The neoliberal, hegemonic vision of globalisation acts as a unifying agent - the 'Other' - which equivalates the differences between these different perspectives. For a discussion on the meaning of globalisation see Introduction of the thesis.

This unity of differences achieved through discursive, articulatory practices can therefore be subverted by other contradictory logics (ibid. p145).

Laclau and Mouffe, like Gramsci, argue that the process of hegemony is more difficult in the West than "in the countries of the Third World [as there] imperialist exploitation and the predominance of brutal and centralised forms of domination tend from the beginning to endow the popular struggle with a centre, with a single and clearly defined enemy. Here the division of the political space into two fields is present from the outset, but the diversity of democratic struggles is more reduced" (ibid. p131). Nonetheless I would argue that in many developing countries, and in Latin America specifically this position is slightly naïve. While Laclau and Mouffe are correct in signalling the centrality and clearer visibility of domination in developing countries, there is still a plurality of democratic struggles due to the complexity of these societies in terms of ethnicity, race, class, and gender. Furthermore the glaring economic inequalities in the region usually affect particular race and/or ethnic groups, often constituting a demographic majority, and gender is in itself another discriminatory criteria throughout all groups.

Modernisation processes have led to greater demands for democratisation and questioning of traditional power structures by these groups. Discourse therefore is of central importance in Latin American societies, increasingly so as the role of the media becomes greater. Therefore it is equally true of many of these societies as Laclau and Mouffe point out, quoting Lefort, with respect to the West, that "an unending process of questioning [with] no representation of a centre of society" (ibid. p187) is taking place. Out of this vacuum a form of totalitarianism can emerge, "which assumes itself to be the representative of a *unitary* people [thus denying] the social division made visible by the logic of democracy" (ibid.). The State is central to this concept as it attempts to provide the centre and the "closure which will (...) restore unity" (ibid. p188)¹²⁴. Thus

¹²⁴ Buci-Glucksmann (1982) elaborates on this danger by showing that in cases such as Jacobin France or Risorgimento Italy, these movements, instead of resolving the historical task of

there is seemingly a danger inherent to the logic of hegemony which can result in the forced closure of the social as the hegemonic force attempts to establish its ideological vision of society as definitive, uncontestable and therefore 'totalitarian'.

Gramsci's theory of hegemony, and Laclau and Mouffe's further development of it, offers us a theoretical structure by which we can examine populist hegemonic strategies. In the literature on populism we can see examples of how populist leaders displayed power strategies similar to those identified in Gramsci's theory. As we saw in the previous chapter populist theory gives crisis a central role, similar to that in Gramsci, in the founding of populist political projects. Furthermore populist leaders attempt all out frontal attacks on the State similar to Gramsci's concept of a 'war of manoeuvre'. However, while Gramsci envisaged this strategy in military terms (as in Russia in 1917) populist leaders use a variety of methods to capture the State and its institutions. Firstly populist leaders normally, though not exclusively, gain power through democratic means, specifically through elections (Conniff, 1982 p16). The 'capturing of the State' therefore usually takes place from the position of the apex of the State, the Presidency. In a region where executives with extensive powers are common¹²⁵, Latin American populist leaders in particular, due to their personalist anti-*status quo* popular appeal, have a quite privileged position from which they can *reorder* the institutions of the State as part of a wider hegemonic strategy. In this sense they can 'capture' the institutions of state to a similar degree as an 'all out frontal attack' may do, but from *within* the State, sometimes through legal means (i.e. the drafting of a new constitution). However, populist leaders may also use extra-legal means to achieve this goal such as coups, so-called 'self-coups' (*autogolpes*), or a combination of either of these with 'legal' means.

leadership by developing the democratic initiative of the masses, "relied primarily on the State, on domination, a 'dictatorship without hegemony', the state is (stage by stage) substituted by the class (...) and leadership becomes an aspect of domination" (Buci-Glucksmann in Sasoon, A ed, 1982 p121).

Ultimately, however, this 'capturing' of the State is part of a wider strategy of "winning, securing and cementing the 'consent' of the dominated classes"(Hall et al. 1977 p69), especially in countries with electoral competition.

The control of and reordering of State institutions is vital in populist hegemonic strategies. In Latin American societies the coercive apparatus of the State, particularly the Armed Forces, has traditionally been stronger than Civil Society, resulting in a paucity of autonomous alternative actors. Nonetheless many of the institutions within the State (the justice system, parliaments, ministries) remain relatively weak and poorly perceived by the majority of Latin Americans (Latinobarometro 2002a; 2002b). These institutions are particularly vulnerable during times of crisis, facilitating populist leaders' restructuring and reordering plans (Cammack 2000). Indeed this reordering is fundamental to the success of populist hegemony as it institutionalises the direct link established through populist 'appeals to the people' (ibid.). Institutions thus become the conduit and the embodiment of the direct relationship between leader and led, functioning as the agencies responsible for the dispensation of the promised benefits to selected groups (Roberts, 1995;Weyland, 1996).

Indeed 'appeals to the people' and an anti-elitist discourse are the two principal elements defining populism according to many analysts (Canovan 1981 p294; Laclau, 1977). According to Laclau populist leaders construct a discourse *antagonistic* to the status-quo, which "expresses the 'people'/power bloc contradiction as distinct from a class contradiction" (Laclau, 1977 p167). Popular bias and popular struggle against authority, rather than class, becomes the unifying element ('signifier') in this discourse¹²⁶. Thus populist leaders, irrespective of their ideological leanings can construct an anti-status quo discourse which simultaneously unites the 'people', and divides the polity into two antagonistic camps: the 'people' against the dominant 'power bloc'. As

¹²⁵ See Mainwaring and Shugart, (1997 pp 40-50) for the different levels of power in Latin American presidencies.

¹²⁶ This corresponds to Gramsci's ideas on 'common sense'.(See Gramsci, 1971 pp272-275).

Laclau formulates it, populism is "*the presentation of popular-democratic interpellations as a synthetic-antagonistic complex with respect to the dominant ideology*" (Laclau, 1977 pp172-173). These popular democratic elements can then be articulated to an ideology or mix of ideologies ('nodal points'), according to the aims of the populist challenger but irrespective of the class composition of the coalition. Often such aims are determined by the conjunctural needs of capitalism to establish new systems of reproduction (Cammack, 2000 p155).

However, populist discourses usually highlight the desire to further democratise the polity, as populism has as one of its primary discursive motifs the inclusion of the popular classes into national life on an economic, political and/or cultural level (Germani, 1965). From these discourses multi-class coalitions are formed around the populist leader. While as Canovan (1981) points out the term the 'people' has the benefit for the leader of being specific and vague at the same time (p286), it usually refers in effect to multiclass populist coalitions which inevitably exclude some sectors¹²⁷. Indeed as Hennessey (cited in Canovan, 1981) maintains populism can be seen as "an organisational weapon to synchronise divergent group interests" (p275).

A further defining characteristic of populism according to Mouzelis (1978) is its organisational element. Populist movements are based on a "plebiscitarian relationship between leader and led - a relationship which has important organisational consequences." (p90). Charisma, conveyed through speeches, political meetings and the use of distinctive national or religious symbols are fundamental to this relationship as they promote antagonism to the existing or past regime and reinforce the direct leader/people nexus. Local or intermediary cadres lack autonomy as "most of their power and legitimation is derived more or less directly from [the leader's] personal charisma" (Mouzelis, 1978 pp81-82). Clientelism, distributivism, and patrimonialism are all tactical elements which

¹²⁷ Conniff (1982) explains "single class hegemony had become impossible" due to the changes brought about by rapid modernisation and the extension of democratic aspirations to the masses (p16).

further reinforce the leader/people nexus. Manipulation is therefore a dual process, each part of the power equation benefiting; the 'people' in terms of goods, services and perhaps an 'experience of participation' as Germani (1965) would have it, and the leader receiving in return allegiance and votes. Mediating institutions, or 'civil society' (Church, media, political parties, NGOs, trade unions) are co-opted, side-lined or eliminated as the new power bloc gains control of State institutions and resources.

In sum populist hegemonic strategies have close similarities to strategies outlined by Gramsci. Populists use tactics of 'manoeuvre' and 'position' to attempt to achieve hegemony, through a frontal attack on the State by legal and/or extra-legal means. Antagonistic discourse both prepares the way for this attack and follows it up, as populists seek to challenge and overthrow the dominant power bloc and then consolidate their power. Discourse helps form the 'historical bloc' or coalition which will contest the dominant power bloc, providing it with the 'collective will' to carry out the challenge and sustain it. The taking over of the State ensures that the new populist government has the means at its disposal to further its hegemony through both 'force' and 'consent'. With control of the coercive arms of the State the new power bloc can minimise opposition against its policies (force). Through institutional control the State can be used to implement policies of distributivism, clientelism etc. as well as co-opting or eliminating intermediary institutions which may provide loci of opposition or alternative power bases (force/consent). Increasingly the new ideology is interwoven into daily life as 'civil society' adapts to the new rules of the political game (consent). The following table outlines the specific populist tactics used to achieve hegemony within the context of Gramsci's theory, and will serve as a framework for the following examinations of the specific strategies of firstly Fujimori and subsequently Chávez.

Table III: Populist Hegemonic Strategies

Gramsci	Populism
CRISIS	

War of Manoeuvre (Force)	<ul style="list-style-type: none"> ▪ Coup ▪ Elections ▪ <i>Autogolpe</i> ▪ Repression ▪ Constitution
War of Position (Consent)	<ul style="list-style-type: none"> ▪ Discourse/Antagonism ▪ Leadership/Structure ▪ Symbolism ▪ Distributivism ▪ Clientelism
'HEGEMONY'? / 'TOTALITARIANISM'?	

4.3 'War of position' and 'war of manoeuvre' tactics in the hegemonic strategy of Alberto Fujimori: 'El Poder soy yo' ¹²⁸

4.3.1 Introduction

The period 1990 to 1995 was one in which Fujimori, and those involved with him, laid the foundations of a hegemonic regime which was intended to last until at least 2005¹²⁹. Indeed despite the absence of its main progenitor in 'exile' in Japan, that hegemony presently survives on an economic and on a political level¹³⁰. Fujimori achieved this hegemony by a combination strategy of 'war of position' and 'war of manoeuvre' tactics. 'War of position' tactics were mainly an antagonistic discourse against the political class and democratic institutions of Peru, the building and maintenance of a direct relationship with the popular

¹²⁸ "I am power". The full quote reads: "Political parties don't exist in Peru [...]. I am power, it's true. But it is a power that was given to me by the people. I represent them" [Alberto Fujimori, 21-06-93 quoted in Sanborn and Panfichi, 1996 p41).

¹²⁹ Fujimori won the 2000 presidential elections and looked set to stay in power until 2005 having come to agreements with the international community and the local opposition. The release of the *vladivideos*, videos showing Montesinos offering money to a variety of politicians and businessmen, and so clearly demonstrating the corruption in the regime, led to Fujimori fleeing to Japan and being removed from the presidency.

¹³⁰ The 1993 Constitution (see below) is still operative in Peru, and economic policies have changed little since Fujimori's departure. Furthermore, a poll held by Datum in December 2003, placed Fujimori second as preferred Presidential candidate with 18 % of expressed preferences of those surveyed, just behind Alán García Pérez with 20 %, even though Fujimori has been legally barred from standing for election in Peru (La Republica, 2003)

classes, particularly informal workers and peasant communities, and the rapid building of power alliances with the military, international financial institutions, core capitalist countries, and local elite capitalists. These alliances in turn facilitated the implementation of 'war of manoeuvre' tactics of *autocoup* and comprehensive Constitutional change. Fujimori's landslide victory in the 1995 general elections was the ultimate proof of his regime having achieved economic, political and social hegemony in Peru.

4.3.2 Antagonistic 'appeals to the people'

Presidential candidate Fujimori's discursive message for the 1990 election campaign was centre-left, advocating a negotiated gradualist form of change, based on national aspirations and dialogue. A 'Social Pact for Development' was promised which Fujimori and *Cambio 90* (Change 90) would be best placed to negotiate due to their "equidistance in the political spectrum [and] absolute independence with respect to the great economic and party powers, and [...] our roots in the popular sectors" (Cambio 90, 1990 p6). The change being negotiated would be national *and* modern, implemented "not through the mechanic and liberal imposition of imported lifestyles, but as a faithful reflection of a conscious and concerted Peruvian strategy, which protects and strengthens our national values and wealth [...]" (ibid.). Fujimori therefore constructs an image of a concerned, independent, and nationalist Peruvian citizen, non-ideological but pragmatic, coming *from* the people, not apart from them and their problems. The discursive invocation of national popular struggles challenged the sometimes overtly racist overtones of opposing candidate Mario Vargas Llosa's campaign (Degregori, 1991 pp119-125). Fujimori won in the second round with 57% of the vote against Vargas Llosa's 33.5% (Degregori and Grompone 1991 p16). Furthermore in Lima 66.3% of lower economic classes voted for him, as opposed to 33.07% of the upper economic groups (Dietz and

Dugan, 1996 p266). In the Andean trapezoid Fujimori's vote was 67% against Vargas Llosa's 14% (Degregori, 1991 p103)¹³¹.

Yet the elements of dialogue and consultation in this discourse were effectively abandoned once Fujimori reached power. He quickly discarded his coalition of evangelicals and small business people from the shanty towns in favour of a high powered alliance with the Armed Forces, the international financial community, the elites of the core capitalist countries, especially the United States, and a close circle of advisors (Cameron, 1997; Rochabrún, 1996). Cambio 90, never a movement in the sense of having militants and an organic national structure, became a mere label under which the President constructed an electoral vehicle and a set of legislators who would owe their loyalty to him, and him alone. The changing of alliances was accompanied by the so-called *fujishock*, a draconian set of neoliberal economic measures announced in August 1990 (see Chapter 5). As a result of these economic measures the number of people living in poverty jumped from 9 to 14 million, in a country of 22 million inhabitants (Rochabrún, 1996 p17). The effect of these measures was felt not only in the increase in poverty and unemployment, but also in exacerbating the already advanced decomposition of civil society and its ability to resist such authoritarian impositions and articulate a coherent collective response (See previous chapter)¹³².

Cambio 90 pursued a policy of engagement and consensus building in Congress which was often contradicted by the President's discourse. Fujimori included independents and persons from opposition parties in his first cabinet including members of the Left, received APRA support against former president

¹³¹ The Andean trapezoid consists of the high sierra provinces of Huancavelica, Ayacucho, Apurímac, Cusco and Puno, the poorest in Peru, those with the greatest number of Quechua and Aymara speakers and those (except for Cusco) most hit by terrorism (ibid.).

¹³² Balbi reports that two general strikes against these policies failed (Balbi, 1992 p6). This is hardly surprising in a climate where the use of strikes became less and less frequent declining from 15 million man hours in 1990 to barely a million in 1995 due to the cumulative effects of successive economic shocks and economic crisis (Rochabrún, 1996 pp21-22).

and APRA chief Alan García, leading to his eventual exile¹³³. He got support from the conservative PPC (Christian Popular Party) and Vargas Llosa's movement Libertad (Liberty) in support of his economic policy (Kenney, 1996 p90). Despite his movement being in a minority in both houses, Fujimori managed to get most of his legislative programme approved and was given extraordinary decree powers to facilitate the speed of legislative change. Yet this consensus and co-operation was accompanied by an anti-system discourse attacking the very parties and institutions which were co-operating with him. In a number of speeches he attacked Congress members and the judiciary¹³⁴.

While he reinforced negative images of the Peruvian political elite and democratic institutions, he built up a deeper rapport with the people. In the traditional State of the Union speech broadcast nation-wide on July 28 1991, Peru's national day and at the height of Sendero violence, he contrasted the 'common sense' held by him and the people against the self-serving motivations of 'politicians':

Today, technical criteria is the only criteria which takes primacy in the running of the State and the management of Peru's interests, and millions of simple men and women of our country know that [...]. An authentic revolution is in the depths of this new attitude, this new style of government. The return (*rédito*), calculations and political dividends which result from a public work, aren't the reasons for doing them now. The people have something called common sense (Fujimori, 1991 cited in Sánchez, 2000 p209).

Fujimori thus presents his policies as pragmatic and technical, wedded and derived from the 'common sense' of the people against the self-serving interests of parties and traditional politicians¹³⁵. As Sánchez comments: "The populist discourse seems to be reborn here, but not as an argument in favour of a

¹³³ García's fleeing eliminated one of the most serious threats to Fujimori's leadership and the neoliberal economic model being implanted by him (Cameron, 1997).

¹³⁴ Early on in his administration he called the Palace of Justice the 'Palace of *Injustice*' and judges 'jackals' and 'swine' [*canallas*](Burgos, 1992 p9). In August 1990 he attacked Congress members as 'loafers' receiving a 'juicy' salary while the people were starving (Planas, 1996 p188).

¹³⁵ Furthermore the use of this element links into the Gramscian notion of 'common sense' as the basis of 'spontaneous' action which needs to be educated and given 'conscious leadership' (See Gramsci, 1971 pp196-200). It also could be inspired by the routine linking between neoliberal restructuring and popular 'common sense' first noted by Hall in his studies of Thatcherism (See Ransome, 1998 p124 and Hall and Jacques, 1983).

popular, corporate and extensive State, but rather as anti-politics, as a suspension of competition for a reason of primordial importance: the defence of the State" (ibid. p210).

As a result of this discourse, disagreements between legislature and executive increased, with Fujimori gaining credibility with the public while democratic institutions lost the little credibility they had. From his inauguration right up to the self-coup, there were numerous disagreements between legislature and executive: a censure of the Labour Minister Carlos Torres y Torres Lara by Congress; disagreements over extra-constitutional pardons granted by the President to convicted prisoners; a serious row over the 1991 budget; another one over an agreement on drug enforcement signed by the President with the US, without Congressional authorisation. The impression was one of a Congress which frustrated and blocked the President (Kenney, 1996).

The greatest row developed over the decree powers given to the President in June 1991. Fujimori promulgated 117 decrees between June and November, and Congress refused approval or changed 28 of those, mostly to do with pacification¹³⁶. Financial decrees rejected or modified included privatisation of educational services and mining companies (ibid. p94). Opposition in Congress rallied more as the President intimated a desire to rule for ten years, legally prohibited by the 1979 Constitution, and suggested that there were elements linked to drug trafficking in Congress (ibid.). A failed motion to disqualify the President as morally unfit for office, and Congress granting itself powers over the decree laws further heightened the tension (ibid. p95). Despite a comprehensive agreement being reached between Government and Congress, due to come into effect three days before the coup took place, many suspected that the decision to execute the coup had already been taken (ibid. p96-97).

¹³⁶ One example was a decree law demanding that everyone must provide information, economic or financial resources, goods and services whenever necessary to military personnel in emergency zones, or face penalties. Prominent Congress member Javier Diez Canseco described these security laws as a "white coup" (cited in Burgos, 1992 p10).

Meanwhile these incessant disagreements between institutions and executive, and the accompanying discourses, were having an effect on public opinion. While Fujimori had not won the battle for the hearts of the public entirely, he had managed to 'fix the agenda' (Grompone 1998 p22). Polls showed that faith in political parties had fallen from 21% in 1990 to 12% in March 1992, in the judicial system from 23% to 14% and in Congress from 45% to 17% (Mc Clintock, 1996 p57). Fujimori's level of support oscillated at the beginning of his tenure, but by September 1991 approval had risen in February 1992 to 64% (Apoyo, 2000 p25). Furthermore support for authoritarianism was also rising, standing at 22% in September 1991 (Carrión, 1996 p297).

4.3.3 Antagonism and *el autogolpe*

On the evening of 5 April 1992, the President announced his *autogolpe*, followed up by a statement of support from the joint command of the Armed Forces. Tanks were placed outside the Palace of Justice and Congress, legislatures were closed, key legislators detained, and key media outlets occupied. The following day the government issued a decree establishing an emergency government which would execute a ten point plan to pacify, rebuild and develop the country (Cameron, 1997 p50)¹³⁷. In his address to the nation on April 5, Fujimori had no doubt who was to blame for blocking the march of progress and reconstruction being carried out by his government: "The present democratic formality is deceptive, false; its institutions too often serve the interests of all privileged groups [...] Without a doubt neither the Parliament, nor the Judicial Power are agents of change nowadays, but rather obstacles to transformation and progress" (Fujimori, 1992a). It is for him Fujimori, backed by "the great national majorities", to take up the challenge of the "profound

¹³⁷ The ten points were: Modifying the present Constitution; Radically 'moralising' the Judicial Power; modernising the public administration; pacifying the country; fighting against drug trafficking; punishing the immorality and corruption of public administration; promoting a market economy; reorganising the educational system; decentralising the faculties of the Central Government; raising living standards in the medium term (Fujimori 1992a).

transformation of the State and its institutions, so that they may become true motors of development and social justice" (ibid.).

In his speech to the nation on 28 July of the same year, Fujimori expands on these themes in a more personal and direct manner.

More than once in my office, sitting in this seat from which *politicians* are capable of promising everything, I mean the presidential seat, I've reflected about how this crisis came about and in what way we could effectively eradicate all these problems which you know well and which are so rooted in this society. *It's a question which all Peruvians ask; even as President of the Republic* I can't free myself of it, quite the reverse. Who should take the decision and take a step forward and say enough to so much corruption, so much irresponsibility? Parliament? The Judicial Power? Should the reply so long awaited by the people come from them? If it had to be so then we'd be waiting, sitting here for five years for a response to the question, a response which *the people and I* know will never arrive (Fujimori, 1992b cited in Sánchez, 2000 p210-211)(My italics)

In this extract Fujimori joins himself to the 'people' against 'politicians' in a simple, direct, homely style (see italics). Fujimori is like and of the people; simple, honest, independent, excluded by the elite and the powers-that-be, denied by them the right to citizenry, a citizenry granted, however, to the corrupt and the criminal:

Because just look at how odd this is: the president and the people can't use the Constitution for change, but the Constitution and the Law are used [...] so that delinquents of all types and sizes [*todo pelaje y tamaño*] make a fool of justice. And right in front of the noses of the people. Strange democracy this, broad for the sly [*vivos*] and narrow for the honourable (ibid. p211).

Through this discourse the country is split into two, the antagonistic polarised lines are clearly drawn. As Sánchez comments, on one side "...a reflexive president, unambitious, honest, hard working, responsible, just like other citizens and a people waiting, sacrificing, who know the truth; both waiting for a justice beyond the law. In the other bloc [...] are the politicians and the institutions mired in corruption and irresponsibility, who self-interestedly use the Constitution and the law to evade justice" (ibid. p.211). Sanborn and Panfichi (1996) observe that Fujimori created an 'us', a sentiment of closeness, confidence, and

identification between the leader and the masses which served to support the new government, reinforcing it with attacks against the parties and institutions of the democratic regime, blaming them for all the bad that had happened. "[He] looked to deinstitutionalise the norms of political co-existence and personalise the expectations of the masses in his person" (p42).

Fujimori, however, did not just use discourse to reinforce this leader/people nexus against the power bloc. He was adept at utilising the symbols, traditions, and ingenuity of Peru, the forgotten Perus of the sierra and the barrio, to further this link. In his original election campaign Fujimori displayed all the *nous* and energy of the *informales* in achieving on a shoestring the seemingly impossible. Fujimori's 1990 election campaign cost US\$197,916 compared to FREDEMO's US\$12,234,386 (Grompone, 1991). Instead of Vargas Llosa's expensive television advertisements created by top publicity firms, Fujimori relied on homespun propaganda to popularise his candidacy:

I had my slogan. I myself began to design a poster. Then I started to make almanacs [...] with all the calendar of 1990. They just said Cambio 90 and Honesty, Technology, Work [the campaign slogan]. I got ten lads together and got them to distribute the almanacs in the minibuses [local public transport]. I said to them: give the big almanac to the bus driver and a small quantity of the others so they can stick them in the windows of the bus [...] (Fujimori cited in Salcedo, 1990 p37).

With such strategies Fujimori tapped into the alternative networks identified by Grompone (1991) "responding to traditional forms of exchange which followed the model of contagion linking together rumour, conversation in markets, streets and squares" (p57).

On the campaign trail Fujimori used a makeshift cart pulled by a tractor (*fujimobile*). On visiting remote areas he'd frequently dress in ponchos and *chullos* (hats with earflaps worn in the Andes), and dance with the locals to regional music. His speeches were short, he talked and dressed simply, and interacted informally with ordinary people. His use of electronic media was equally casual using colloquial language and cracking jokes. He had a talent for

creating media events: when during the 1991 cholera epidemic 'weeping virgins' were appearing in parts of Lima, Fujimori visited one to pray. His style was personal and direct: while visiting shantytowns he would throw water at the crowd, jump on a bike, or mount a donkey. He would make lightning visits to remote villages, which would be broadcast almost nightly on the evening news, to supervise construction projects (Oliart, 1996). While there he would ask community members what their needs were and promise to send the materials if they provided the labour. On the way back to Lima he would instruct his advisers to provide those materials immediately¹³⁸.

Naturally all these events were designed to doubly enforce the leader/people relationship, through personal contact and to the wider public through the media. "During the first few years of his presidency, when Shining Path insurgency was at its peak, the media portrayed an active president travelling throughout the country, supervising public works projects, and speaking directly to the people" (ibid. p19). Fujimori had a hands-on approach, he had "done away with cocktail parties" he boasted, he was a 'doer' and asked that in return people only trust and support him. His bypassing of the law was also reflective of the reality of Peruvian people's lives, where most live in informality and bribing is a common and accepted practice (ibid.).

Jochamowitz portrays a young Fujimori who was distant from, if not disdainful of the Creole culture in which this young *nisei* (Peruvian born Japanese) had been brought up: "The national was deceitful, weak, inconstant. Yet it was the world in which he had to live, and if he did not learn to know it and dominate it, there would be no future" (Jochamowitz 1997 p145). As Oliart points out Fujimori did exactly this: "His style revealed [his] profound, if intuitive, understanding of Peruvian political culture" (op. cit. p18). While he was an outsider ethnically, culturally *and* politically he had nonetheless learnt to know and dominate Peru better than many white Creole Peruvians who had

¹³⁸ Interview Rosa María Alfaro. Conducted in Lima 28.06.02

complained of his 'not being born to a mother who could speak Spanish'¹³⁹. President Fujimori showed that he was neither afraid of Peru, nor had Peruvians reason to be afraid of him. By visiting marginalised areas Fujimori reassured poor Peruvians with two convincing messages: "I am where you are" and "I am a president like you" (Grompone, 1998 p21). Fujimori became Peru, became the Peruvian people, linked together through the greatness of God and the *Patria*:

For God, in whom the majority of men and women in this country believe, I swear to work to take it out of stagnation [...] and guide it to superior destinies. But I do not wish for the loneliness of a leader who thinks himself a Messiah, but rather the powerful company of my people, their closeness, because only that will remind me that I am just another Peruvian who has, as his only privilege, the responsibility to govern. God illuminate the people of Peru and illuminate me to take on this great but beautiful task [...]. (Fujimori, 1990: paragraphs 85-88 cited in Sánchez, 2000 p215).

However, Oliart warns that: "[I]n general, Fujimori symbolically fulfils the strong desire of Peru's historically excluded majorities to be included in the political system. He does not, however, pretend to incorporate the poor in governmental decision-making, or even to encourage them to strengthen their own self-help organisations. The style of his presidency - coupled with the substance of his economic and social policies - reassures the upper classes that his government will protect their interests. At no time does Fujimori's relationship with his country's impoverished majority threaten the status quo" (Oliart, 1996 p19).

4.3.4 Codifying hegemony

With inflation now down at manageable figures and an element of economic stability beginning to be felt in the country¹⁴⁰, the decision to launch the *autogolpe*, on April 5 1992, was met with resounding approval from the

¹³⁹ Enrique Chirinos Soto, member of Fredemo (cited in Degregori, 1991 p89). Indeed in being such an outsider Fujimori had more in common with the Indigenous of the Sierra and the *cholos* of the *barrios* than white Creoles. Furthermore like Fujimori, many members of these groups also had mothers who did not speak Spanish, but rather Quechua or Aymara or any of the plethora of native tongues found in the jungles of Peru.

¹⁴⁰ Inflation was reduced from 7,650% in 1990 to 139% in 1991 and 56.7% in 1992 (Gonzales de Olarte, 1998 p14).

population. Fujimori's approval rating in one poll soared from 53% in March to 81% in April, 1992 and would remain above 60% for the rest of the year (Apoyo, 2000 p25). Fujimori took advantage of his position and began to implement his ten-point plan, ruling by decree with the full support of the Armed Forces, concentrating all the powers of the state in his hands. In the following weeks he dismantled the judiciary, sacking thirteen Supreme Court judges and more than 100 lower-court judges and prosecutors, and he moved ahead to establish secret military tribunals to try suspected terrorists (Kláren, 2000 p414). Neoliberal policies of privatisation, structural reforms and the reduction of the State under Carlos Boloña as Minister of Finance (1991-1993) were implemented more speedily and, due to the *autogolpe* with virtually no opposition¹⁴¹.

Opposition to the coup did come, however, from the international community, including the United States, who threatened to withdraw economic co-operation. Fujimori nonetheless managed to dispel that opposition at an OEA meeting in the Bahamas in May 1992, by promising elections for a Constituent Assembly for the following November. "This seemed to satisfy the international community, which seemed to be more concerned over the threat of the Shining Path, the progress of drug trafficking, and the prospects of economic liberalisation than over the setback to democracy"(ibid.). Meanwhile Fujimori had *carte blanche* to rule as he saw fit and design the elections in such a way as to assure his continued power.

While discourse had set the context in which the *autogolpe* received popular approval, it was the *autogolpe*, the war of manoeuvre tactic *par excellence*, which sealed the primacy of Fujimori as hegemonic ruler of Peru. The organisation of the elections (Tuesta Soldevilla, 1996; McClintock, 1996), the main parties boycott of them, and the president's undoubted popularity ensured a generous majority for the government benches, and consequently a

¹⁴¹ This reinforced the perception that it was the implementation of structural reform in a speedy manner was the real reason for the *autogolpe* and not a result of Fujimori's inherent authoritarianism (Conaghan, 1996) (Ellner, 2003).

Constitution designed according to the needs and vision of the President. The government bloc, this time called *Cambio 90/Nueva Mayoría* (Change 90/New Majority) had few links with the grassroots and the previous *fujimorista* electoral grouping consisting of ex-ministers, ministerial assessors, and associated businessmen and women (Planas, 1996 p195). In effect Fujimori's real 'party' became the State itself and a number of key often unelected assessors. The Armed Forces, the Army's national intelligence agency (SIN), led by the unelected Vladimir Montesinos, and the President's brother Santiago Fujimori became the bulwarks of the regime (ibid.).

The 1993 Constitution definitively codified the centralisation of the State into the hands of the executive and its socio-economic nature from a Statist model, based on the reforms carried out during the Velasco regime (1968-1973) to one based on the market. Adrianzén described the 1993 Constitution as "conservative, privatist, authoritarian and ideological" (Adrianzén, 1993 p10). According to this analyst it was conservative due its eradication of explicit paragraphs guaranteeing solidarity and egalitarian principles for all groups¹⁴². It was privatist due to the elimination or relativisation of social rights in health, housing, education, and work, its explicit prohibition of State participation in economic activity, and in its granting of greater rights to business than to workers. It was authoritarian in its accentuation of presidential and military prerogatives, the President being allowed to dissolve parliament, control senior Armed Forces promotions, decide exclusively on public spending, and crucially allowing presidential re-election. Representation was drastically curtailed, and centralisation in the executive even further advanced, with the reduction of Parliament to one chamber and the practical elimination of regionalisation¹⁴³. Finally Adrianzén argues the Constitution was ideological in that it provided a

¹⁴² The 1993 Constitution does sanction discrimination on the basis of religion, race, sex, etc but it is not "clear, precise and even repetitive to prevent interpretations which can devalue the spirit of the norm" (ibid p10).

model of society entirely based on the ideology of the market and private interest, giving for example free competition full constitutional guarantees and thus "legitimising and legalising the implantation of a savage capitalism" (Adrianzén, 1992)¹⁴⁴.

Nonetheless while Fujimori had undoubtedly secured full control of the State apparatus, and eliminated or neutralised opposition, such as the parties, the trade unions and sectors of the media, the Peruvian population still demonstrated a qualified approval for the President and his plans. The vote approving the referendum was won by a slight margin in favour of 52.2% against a no vote of 47.5%, amidst accusations of fraud (Mc Clintock, 1996 p72). Furthermore in a poll taken in 1994 47% of those polled and only 34% of those on low income said they supported the government's privatisation policy (Grompone, 1998 p22)¹⁴⁵. Nonetheless the capturing of Abimael Guzmán leader of Sendero Luminoso in September 1992, and the subsequent decline in terrorist activity boosted the President's popularity¹⁴⁶. In the same poll mentioned above the President's personal approval rating stood at 61%. Furthermore, Fujimori ensured his popularity by launching an intensive, highly personalised welfare and infrastructural campaign targeting the poorest areas to ensure support. Central government took control of local spending creating a situation of clientelism dependent on the president himself, further personalising local politics around the presidential figure (Degregori, Coronel and del Pino, 1998). Local politics

¹⁴³ The Peruvian parliament became a unicameral legislature with 120 seats, reducing representation from 1 seat per 26,963 electors to a ratio of 1:102,537 (Tuesta Soldevilla, 1996 p140).

¹⁴⁴ The Constitution also had elements which strengthened popular democracy such as referendums, legislative initiatives for citizens, revocatory referendums, the right to information from the State, and a People's Defender. A Constitutional Court was also provided for. However most of these provisions were never acted on, were delayed in their implementation, and then destroyed when delivering against presidential decisions such as the Constitutional Court or, as in the case of the referendum against a third term for Fujimori in 1996, were quashed. Only the People's Defender's Office managed to be implemented, albeit only in 1996, and it became one of the few effective independent State institutions (See Chapter 4 for more details).

¹⁴⁵ A trend which has become stronger as time went by and which at present is one of the principal difficulties of the present democratic regime in Peru, under President Alejandro Toledo.

thus became a battle not for ideas but for who had best access to the government and centralised funds, with deleterious effects on electoral plurality (Planas, 1996).

Nevertheless, despite this centralisation and the degradation and atomisation of politics to personalisation and labelling, Fujimori had essentially delivered what he had promised. From 1992 until 1995, with inflation and terrorist attacks diminishing rapidly, and economic growth rates rising spectacularly (see Chapter 5), Fujimori could justifiably boast, by the time he was re-elected in 1995 (see Chapter 4), that he had achieved his objectives, but in his own style which was nonetheless *a la peruana*:

[...] every time I visit [a shanty town or remote village], the people there, who want a president like themselves, put a *chullo* and a poncho on me. Some people think that this is corny [*huachafo*], a Chink with a poncho on! But that's my style.

The new nationalism of Peru is the nationalism of peace reconquered, of integration and opportunity for all and the recognition of one of the most forgotten axis of our nationality: the Andean. That is the nationalism of no-exclusion.

[...] We want to be modern without sacrificing our own, universal and autochthonous at the same time. This is the modernity and the true democracy to which all Peruvians aspire (Fujimori, 1995: paras 12, 14, 18 cited in Sánchez, 2000 p219).

Thus curiously Fujimori's discourse went full circle to his original electoral discourse of 1990, emphasising the national and the ethnic, in a context of modernity and universality.

4.3.5 Conclusion

To sum up Fujimori's power strategy displays all the elements identified in the framework of hegemonic strategies derived from Gramsci's theory on hegemony and theory on populism. 'War of position' and 'war of manoeuvre' tactics were interwoven to achieve hegemonic domination by Fujimori and his

¹⁴⁶ Subversive actions declined from a peak of approximately 3000 in 1992 to just over 1000 in mid 1995 (Tanaka, 2002 p49).

associates. As Laclau (1977) termed it the people/power bloc dichotomy was fully exploited through an antagonistic discourse forming a leader/people nexus against the dominant power bloc, devoid of organisational structures encouraging participation. Nationalism and modernity were articulated to a neoliberal ideology through symbolism and language. This discourse was delivered through media and direct personal contact, wedded to policy initiatives favouring the poorest sections of Peruvian society, thus achieving hegemonic domination of these sectors. Antagonistic opposition was neutralised or eradicated through policy agreements with some sectors, repression of others, and clientelism and distributivism. Macro and micro control of the State apparatus was achieved through both legal and illegal methods, legislative decrees, the self-coup and the 1993 Constitution, corresponding to Gramsci's concept of 'war of manoeuvre'. By 1995 Fujimori's hegemony was fully established. Not only did the president win the election handsomely with 64% of the vote, with the traditional parties APRA, AP, PPC and IU receiving less than 10% of the vote between them (Tanaka, 2002 p139), but support for the president had spread across all social sectors (Dietz and Dugan, 1996 p266). The next section will examine similar tactics in the hegemonic strategy of Hugo Chávez in Venezuela, however, as we shall see, there are important organisational, discursive and ideological differences between both presidents.

4.4 *'War of position' and 'war of manoeuvre' tactics in the hegemonic strategy of Hugo Chávez: "Con Chávez Manda el Pueblo"*¹⁴⁷

4.4.1 Introduction

Fujimori and Chávez have both been identified as 'outsiders' in the sense of extra-systemic actors who achieve power from outside the traditional party

¹⁴⁷ "With Chávez the People Rule". Campaign slogan for 2000 Election Campaign.

system¹⁴⁸. However, as Buxton (2000) points out Chávez does not fit that description as accurately as Fujimori, as the former was linked to the old regime - albeit from a position of opposition, whereas the latter emerged onto the national stage only with the 1990 elections (p32). While Chávez initially came to public prominence with the 1992 coup attempt, his association with politics goes beyond this date. I will look firstly therefore at the origins of Chávez and the Bolivarian Movement. I will then go on to examine the coup of February 1992, the emergence and construction of Chávez's discourse and symbolism, and the subsequent transformation of the military *Movimiento Bolivariano Republicano 200/MBR-200* (Bolivarian Republican Movement) into the electoral and popular civic-military *Movimiento Quinta Republica/MVR* (Fifth Republic Movement), which allied to other leftist movements and parties in the *Polo Patriótico - PP* (Patriotic Pole) led to Chávez's electoral victory of 1998. In the final part of this section I will examine how Chávez set about reordering and refounding the Venezuelan Republic through the mechanism of the *Asamblea Nacional Constituyente/ANC* (National Constituent Assembly) and the resulting Bolivarian Constitution of 1999, codifying the leader/people nexus and establishing an incipient hegemony over the Venezuelan state and much of civil society. This hegemony was strengthened amongst the popular classes as the Chávez discourse became centred on attacking the better-off sectors, but alienated some middle groups who abandoned the Chávez coalition and allied themselves with the elites in outright opposition and eventual sedition. The bones of the multiple fractures and dualisms of Venezuelan society have thus been laid bare by the Chávez discourse, creating an antagonistic political polarisation in the country centring on the figure of the president.

¹⁴⁸ See for example Tanaka (2002). Ellner (2003 p18) points out however that socio-economically Chávez was more of an outsider than Fujimori, the latter pertaining to the middle and upper-classes, whilst Chávez is ethnically and socio-economically more akin to the *pardo* majority in Venezuela.

4.4.2 Clandestine genesis

The return to power of AD in 1958 as part of a civilian/military coup against the Pérez Jiménez regime left the Venezuelan left in the political wilderness as Betancourt achieved its exclusion from politics through the *Punto Fijo* pact. The aggressive Betancourt anti-communist policy¹⁴⁹ led to many on the left, civilians and military, to revolt against the government¹⁵⁰. Chávez emerged from this revolutionary leftist tradition, and some members of the Chávez government participated in these movements and insurrections, such as Alí Rodríguez Araque¹⁵¹. Furthermore other important leftist figures from this era would join up with Chávez, such as Luis Miquilena erstwhile right hand man of Chávez and vice-president José Vicente Rangel. Contacts were made over the years with various leftist leaders such as famed guerrilla leader Douglas Bravo, and senior members of leftist trade union party *La Causa R*, such as Pablo Medina, both of whom now firmly oppose the Chávez government (López Maya, 2003/Gott, 2001)¹⁵².

The Chávez family not only had connections with the left through brother Adán Chávez¹⁵³ but also the family province of Barinas, was situated in the *llanos*, or plains of the Orinoco basin, a long time centre of popular revolt of *pardo* egalitarianism against the hispanicised elites of Caracas and the coast. Chávez's grandfather was Maisanta or General Pedro Pérez Delgado (1881-1924), a colourful guerrilla leader and local caudillo. Maisanta, Ezequiel Zamora

¹⁴⁹ On the same day Betancourt effected the new Constitution, the government suspended its guarantees (Francia, 2000 p73). Carlos Andrés Pérez, then Interior Minister, and against whom Chávez would effect a coup in 1992 during his second presidential term (1989-1993), warned: "Any insurrectional action, street disturbance, illegal strike will be repressed with severity" (Rodríguez, A, 2001p103-104).

¹⁵⁰ It was said that during the entire Betancourt presidency there were 22 coups against him (Rodríguez, A, 2001:104). The two principal coups were known as the *Carupanazo* and the *Porteñazo* during the period May-June 1962 (ibid:see pp.103-123 for details on both coups).

¹⁵¹ President of PDVSA, Minister of Energy and Mines, President of OPEC on different occasions.

¹⁵² By the turn of the 1980s the following leftist intellectuals were contacted all of whom would at some time or other would occupy positions in Chávez's government after 1998: Luis Miquilena, Manuel Quijada, Lino Martínez, José Vicente Rangel, and Omar Mezza as well as university figures such as Luis Fuenmayor, Héctor Navarro, Jorge Giordani, Trino Alcides Díaz, and Adina Bastidas (López Maya, 2003 p76).

¹⁵³ Interview with Magarita López Maya, conducted in Caracas, April 2002.

(see below), leader of the federalist side in the Federal War (1859-1863) and President General Velasco Alvarado of Peru (1968-1973), all military men and mestizos like himself, are central to the identity and beliefs of Chávez (López Maya, 2003/Gott, 2001).

The military in Venezuela were particularly well placed to sympathise with the problems facing the poorer sectors of society. Firstly the Venezuelan military had a long history of involvement in Venezuelan politics until *Punto Fijo*. Secondly the Venezuelan military had a stronger egalitarian tradition than many other Armed Forces in Latin America (Müller Rojas, 2001 p17). This was partly due to its strong tradition of social mobility for young men from poorer sectors, further added to by liberal educational programmes, such as the Andrés Bello Plan, introduced in 1971 allowing future officers the opportunity to take civilian degrees in Venezuela's universities (López Maya, 2003 p76). Chávez himself was one of the first graduates of this plan and went on to take a Masters degree in Political Science at the Simon Bolívar University in Caracas. Such educational plans facilitated a greater awareness of social situations of the poorer sectors amongst army personnel, especially in a context of crisis, and greater association with civilians (ibid.).

In 1982 Chávez began to organise the MBR-200 with fellow officers, such as Jesús Urdaneta Hernández and Felipe Acosta Carles, swearing under a symbolic tree to uphold the values of the Motherland and the military and to fight against corruption (López Maya, 2003 p75)¹⁵⁴. The *Caracazo* of February 1989 (see previous chapter), especially the experience of having participated in the massacre of civilians, encouraged many more soldiers to seek out and join the MBR-200. In the words of Chávez: "Young soldiers (...) were not disposed to

¹⁵⁴ The oath was taken from a quote by Bolívar: "We will not allow our arms to relax, nor our souls to rest, until we have broken the chains that oppress our people because of the will of the powerful..." (Chávez Frías, 1993 p.15). The Movement was originally called EB-200 or Ejército Bolivariano-200 (Bolivarian Army-200) "with objectives strictly limited to the military area". One of the original founders, Felipe Acosta died in the *caracazo*. As a result of the *caracazo* the name was changed to MBR-200 and the nature to a "civic-military movement with political objectives sketched within the insurrectional strategy"(ibid p.6).

endure the opprobrious role of a praetorian guard for an illegal and illegitimate order. Even less were we prepared to permit that we be converted into an occupation force in our own territory" (Chávez Frías, 1993 p.16). Contacts with civilian groups, as described above, intensified as disenchantment with the *Punto Fijo* regime amongst all sectors grew in the wake of the *Caracazo*, and these groups sought solutions and alternatives more urgently, to the economic decline of Venezuela and the neoliberal programmes being put in place by Carlos Andrés Pérez (Gott, 2001 pp62-63). The MBR-200 therefore grew within a general context of dissatisfaction with the existing regime and an active seeking of alternatives by most sectors of Venezuelan society¹⁵⁵.

In the end the coup of February 4, 1992, failed in achieving its objectives in Caracas, led by Chávez, but the actions in Maracaibo (led by Arias Cardenas), Aragua and Valencia succeeded, prompting Chávez to request a short television appearance to advise his colleagues to lay down their arms. This brief, instantly famous television appearance by Chávez created a new hero amongst the popular classes. In the speech Chávez advised his colleagues that:

"Unfortunately, *for the moment*, the objectives we had set ourselves have not been achieved in the capital...new possibilities will arise again and the country will be able to move definitively to a better future... I thank you for your loyalty, I thank you for your courage, your selfless generosity: before the country and you, I alone *shoulder the responsibility* for this Bolivarian military uprising" (Chávez cited in Gott, 2001 p70-71) (my italics).

The phrase, "for the moment" (*por ahora*) and its promise of change and Chávez's preparedness to accept responsibility for something that had gone wrong, an unusual occurrence in a country accustomed to politicians evading blame, particularly impressed Venezuelans (ibid. p71). The phrase *por ahora* and the red beret of the parachute uniform worn by Chávez during the television speech became powerful symbols in his growing constituency of supporters

¹⁵⁵ Müller Rojas (2001) identifies four movements orientated to the taking of power in Venezuela at this time: one originating in the upper elite, another in marginalised *pardo* sectors, a third

amongst the popular classes in the months after the coup, and remain so to this day¹⁵⁶. A further failed coup in November of the same year, this time amongst the upper ranks of the Air Force and Navy led by Admiral Hernán Grüber, would mortally wound the Pérez government, leading to the president's eventual impeachment and further encouraging pressure for change.

4.4.3 Bolivarian ideology and discourse

But what sort of changes were Chávez and his colleagues looking for when they conspired to capture the Venezuelan State? The military personnel participating in the February 1992 coup justified their action by pointing to the lack of democratic accountability and inclusion in the Republic, and of territorial and economic sovereignty. Furthermore they accused the political class of being more concerned with personal gain, through corruption, than the welfare of the people or the Republic. The people meanwhile were being placed deeper in poverty, facing increasing crime and related violence, and, as evidenced in the *caracazo*, State perpetrated violence aimed at eliminating protest (MBR-200, 1992). The military were demoralised and delegitimised due to this situation, and corruption and nepotism within its ranks. The insurgents called for a Constituent National Assembly, providing a new Constitution and a new model of society in which the "ultimate purpose of the State is the achievement of collective social welfare of the Nation and the guarantee of respect for the human dignity of all and every one of the members of that Nation" (ibid. p.2). Those who participated in the looting of the State, however, would not be free to participate in this new societal model, and they warn that if this change does not come about "nothing or nobody can stop the continuation of expansive conflicts, which (...) could lead to civil war (...)" (ibid. p 10).

amongst the middle sectors, and the last a Marxist inspired movement originating in labour (p27).

¹⁵⁶ Francia (2000) reports that in the Carnivals of that year immediately after the coup many of the "sons of the people came down [from the barrios] disguised as Chávez" and graffiti supporting Chávez began to appear spontaneously (p83).

Over the following years the MBR-200, and in particular Chávez, refined their thinking and ideology in countless pamphlets and writings, despite their being in prison until 1994, when the government of Rafael Caldera (1994-1999) pardoned them. The MBR-200's ideology was formed in order to provide a system of thinking specifically Venezuelan and Latin American, rather than one based on imported ideologies. Spurning the diagnostic of the time purported by Fukuyama and others of the end of history and ideologies, but conscious of the failure of communism and the inapplicability of neoliberalism in Venezuela and Latin America, Chávez and the MBR-200 turned to the thinking and teachings of three major figures from Venezuelan history to form the concept of the "three rooted tree": Ezequiel Zamora (see above), and Símon Rodríguez, educator, friend and mentor to the final member of the trinity, the Liberator, Símon Bolívar. Each figure provided a specific element to the new ideology: Zamora the element of rebellion, popular protest and protagonism, summed up in the slogan attributed to him: "Land and free men! Popular elections! Horror to the oligarchy!"; Rodríguez the requirement for autochthonous ideological originality when he warned that "either we invent or we commit errors (...) America should not servilely imitate, but be original"; and Bolívar, the Liberator, the symbol of equilibrium between the dualism of rebellion and ideology, force and consent (MBR-200/Pirela Romero, 1994).

Central and crucial to this ideology is the concept of '*el pueblo*', the people. Chávez qualified "popular protagonism as the fuel of history" (Chávez Frías, 1994 p.3) and only when this protagonism exists is a people truly *el pueblo*. "A people exist when they share customs and an effective process of communication exists between them (...) a collective spirit and a consciousness of the social, or the common existence" (ibid., p4). However, "[there] isn't a people in all eras [because to be a people they] must have and share glories in their past [and](...) they must have a common will that unites them" (Chávez, 1999 cited in Francia 2000 p72). The Venezuelan people specifically are a true people, a people who have shown, and are capable once again of greatness:

"(...) we are one of the liberating peoples of the world, we are a people of creators, of poets, of fighters, of warriors, of workers, there's history to prove it, let's honour it, let's honour the spirit of our aborigines, of our liberators, or our women, of our youth [...], all of that we have in our veins and in the clay from which we were made, let us show it, it is the moment to show it" (Chávez Frías, 2000 p21).

Leadership is vital to achieve the necessary protagonism lying dormant in the people, so that the people become a people *actively* struggling. Chávez rejects the notion of the caudillo, the leader/masses model put forward by many of his critics¹⁵⁷. Leadership must be provided in order to galvanise the collective into action, but the leader is but a conduit. The people are an "unleashed force, equal to the rivers" being channelled by leaders such as Chávez because either "we provide a course for that force, or that force will pass over us" (ibid. p.17). Chávez is "not a cause, but a consequence" (ibid. p 18), "an instrument of the collective" (ibid. p.23). Leadership is multiple and is part of a greater movement, in which "there is a leadership which has been extending on a number of levels, there is a popular force, there are some very strong parties, there are institutions; it would be a sad revolutionary or political process which depended on one man (...)" (Chávez interviewed in Rojas, 2004).

4.4.4 Structure and organisation

Organisation therefore is essential if the Bolivarian movement is to be an agent for radical change. The movement must be an "articulatory organisation with the masses, a mobilising and unifying force" (MBR-200, no date, p5). Alliances should be built with heterogeneous social forces, such as workers, resident and neighbourhood communities, students, ethnic minorities, peasants, small and medium business enterprises, sectors of the Armed Forces, progressive churches, nationalist business sectors, and organised popular forces (ibid.). "The vanguard should be internal and of the masses, it must emerge from their interior (...). It is (...) an organisation which must stimulate the diverse

¹⁵⁷ See for example Carrasquero and Welsch (2001); Kaplan (2001); Koenke (2000)

autonomous forms of expression of society (...) it (...) must stimulate autonomy, discussion, and political and ideological creativity" (ibid. p6). The MBR-200 thus developed an organisational structure with four levels; beginning with grassroots groupings called 'Bolivarian Circles' which are essentially self-selected discussion and activity groups, similar to cells. These groups then elect municipal and in turn regional directorates, which in turn answer to a five-member National Directorate, again self-selected and led by Chávez, supported by secretariats for each policy area. Assemblies are held on a regional and national level to arrive at consensus on major policy issues; it was in this way that the MBR-200 decided, in 1997, to abandon abstentionism and participate in the 1998 elections (López Maya, 2003).

The MVR was created originally as a parallel organisation with purely electoral aims allowing for wider membership based on support for Chávez's candidacy. Nonetheless the resounding success of the MVR in winning several electoral contests from 1998 onwards "led to the MBR-200 not having a role and its eventual disappearance" (López Maya, 2003 p83). Structurally the MVR retained the essential features of the pyramidal organisation of the MBR-200, starting at the bases with Patriotic Circles, rather than Bolivarian Circles, which continued to exist and remained under the control of the President, and consisting of four entities on each of the four levels, parochial or local, municipal, regional and national. On each level there is an executive directorate with secretariats on each policy area¹⁵⁸, patriotic councils which meet once a year, an extended directorate which meets every three months, and a patriotic assembly meeting every three years (MVR, 2000). The purpose of the MVR besides being an electoral vehicle is to act "as a cultural organisation capable of diffusing and ideologically legitimising its project in the whole society; a space for political participation and orientation (...) and a pedagogic institution directed at training

¹⁵⁸ Secretariats are in the following areas: organisation, finance, mobilisation, media, propaganda, alliances, training, international affairs, electoral policy, planning and projects, women, youth, parliamentary policy (ibid).

political and social leaders (...)"(ibid. p.8) providing study circles and courses on all levels. The MVR therefore is a nationally organised institution with ideological, political and pedagogical aims, with communication channels going both from the top down and vice versa.

In this it differs little from classic party organisation rather than the original conception of political organisation as it claimed, building on previous efforts of popular organisation in the country. The MVR for the purposes of the 1998 elections onwards formed the Patriotic Pole with other political parties, such as MAS (*Movimiento al Socialismo*/ Movement to Socialism), the PPT (*Patria Para Todos*/Motherland for All), the PCV (*Partido Comunista Venezolano*/Venezuelan Communist Party) etc as "a wide alliance of alternative forces" (López Maya, 2003 p 84).

Past and present are indissolubly linked in the struggles of the people to gain their liberation. Chávez sees the present struggle as but a continuation of previous historical popular struggles.

"(We) are in a battleground (...) where an historical conflict has broken out with fury. Or to be more exact, it has broken out once again after many years of apparent calm, between the forces of domination which have attached themselves to the national body since the conquest, and the liberating forces which have always existed in the bosom of the exploited and deceived majorities for 500 years" (Chávez Frías, 1993 p1).

But the past is also a resource for the present, and Venezuelans today are like Janus, having to "look to the past in order to disentangle the mysteries of the future, to create the formulae to solve the great Venezuelan dream of today" (Chávez Frías, 2000 p 8).

Punto Fijismo was but another version of the same old model based "on imposition, on domination, on exploitation, and on extermination" (Chávez in MBR-200, 1996 p4). The most recent incarnations of the model, in the presidencies of Pérez and Caldera

"are inscribed within a transnational political project which, in alliance with powerful national sectors, is increasing its offensive throughout the continent with a fetishistic

discourse of the free market, individualist liberty and competition, behind which is hiding the desire to recuperate and consolidate (...) the hegemony of a model of accumulation, threatened for various decades now with a declining rate of utilisation and benefit" (ibid. p 5).

In its stead the MVR and the Chávez government offers an alternative which is fundamentally political and which places the social above the economic, and which is Venezuelan and Latin American in its ideology and practice. The Bolivarian doctrine is a doctrine in construction, a heterogeneous amalgam of thoughts and ideologies, from universal thought, capitalism, Marxism, but rejecting the neoliberal models currently being imposed in Latin America and the discredited socialist and communist models of the old Soviet Bloc (Blanco Muñoz, 1998). However, the model being proposed is firmly capitalist, not "savage neoliberal capitalism" but a "capitalism with another face, with other mechanisms (which)(...) is equitable and gets to all Venezuelans, rather than what has occurred in those years (...) causing poverty, and the great squalor that exists in Venezuela" (Chávez in Croes, 1999).

4.4.5 'La Constituyente'

The process, however, as stated above, is essentially political rather than economic or social, and the central mechanism is the refounding of the Republic through a National Constituent Assembly (ANC)(*Constituyente*), in order to demolish the "putrid bases" of the old order, the republic of "bankers, of oligarchs and a people hungry and massacred"(Chávez in Croes, 1997 p10). On assuming the presidency Chávez's first act was to declare a referendum, announced in his inaugural speech in February 1999, and having won that, install a *Constituyente* which was elected on a first past the post system and overwhelmingly dominated by the PP, with 125 seats as opposed to 6 for the opposition. The Constitution was drafted in three months, after an intense period of public consultation and discussion, dominated by tensions and opposition from many sectors. Much of this opposition was, like in Peru, based on the negation of the legitimacy of people's motivations in voting for Chávez,

that the vote was the product of an emotionalism uninformed by rational thought. This betrays a marked classism and therefore racism in opposition logic, considering that the majority of those who support Chávez are from the popular sectors and therefore of darker skin, not to mention a disregard for democracy¹⁵⁹.

Nonetheless, Tanaka (2001 p155) notes that the ANC was constituted with over 50 per cent abstention, while López Maya (2003 p85) states that "(the) haste in dealing with such complex and delicate concerns [in the *Constituyente*] generated ambiguities in the final text and resulted in dissatisfaction and tensions", both factors wresting some legitimacy from the final document. Furthermore, despite declaring the previous 1961 Constitution 'moribund' much of the 1999 Constitution built on its precepts (Viciano Pastor and Martínez Dalmau, 2001 p174). The 1999 Constitution, however, was approved in a referendum by 71 % of the vote but once again with abstention of over 50 %.

The purpose of the *Constituyente* was as an "alternative route to power" for the movement, providing the context in which the movement could grow and consolidate itself, and "for the great qualitative and quantitative transformations that Venezuela needs"(MBR-200, no page no; no date 1995?). The process would provide the stimulus necessary for popular participation and political organisation. Through this process the necessary solutions for the social, economic and cultural difficulties of Venezuela would flow. Chávez in his inaugural speech qualified the existing 1961 Constitution as "moribund" and *Punto Fijismo* an "ill-fated political model" which will "die"(Chávez Frías, 2000

¹⁵⁹ Carmona Estanga (1998) wrote for example, that "people don't understand the *Constituyente* but simply emotionally follow the candidate that is promoting it". Francia (2000 pp 109-111) gives further examples of this, where the vote for Chávez is considered an 'emotional' vote, while votes against him are considered 'rational'. Similarly Julio Borges, leader of political party *Primero Justicia* (Justice First), qualifies those who vote for Chávez as people who are 'inhabitants' not 'citizens' implying that they acted without thinking (Gomez, E, 2002). With regard to Chávez's social base, one poll found that in the 2000 elections 50.5 % of socioeconomic sector E voted for Chávez as opposed to 24 % for Arias Cardenas, his principal opponent and ex-co-conspirator in the 1992 coup, while 66.7 % of socioeconomic groups A/B voted for the latter (Subero, C. 2000). For the connection between race and class in Venezuela see previous chapter.

p20). The new Constitution would instead place the people of Venezuela as the true sovereign of the Nation "a universal and elemental principle" (ibid.). An Enabling Law and the Constituent Assembly rather than being a panacea, however, has "a fundamental objective which is the transformation of the State and the creation of a new Republic, the refounding of the Republic, the relegitimation of democracy [...] It's political, it's macropolitical but it is not economic nor social in the immediate term" which will take time to solve as the problems inherited are "terrible"(ibid. p24). However, in the end the process of the *Constituyente* would lead to the return of the "collective mentality", to a "return (of) the idea of utopia to the national mind, that is to say, of a country which begins to exist in the collective imagination" (Chávez Frías, 1993 p11).

The *Constituyente* was therefore to be a product of popular participation which would further that participation to make it protagonistic, to create the "active people" discussed above. In the event, Gaudilla Marquéz (2003) finds that the process did have a high level of popular participation from civil society. Furthermore, within the text there were many clauses which furthered the ideal of "participation and protagonism", through direct democracy mechanisms such as popular assemblies, referendums, revocatory elections etc. As López Maya (2003) observes the 1999 Constitution provides a different focus on democracy and inclusion than that found in the past in Venezuela, and went against the grain of neoliberalism which emphasises the reduction of the political in favour of the economic and procedural (Title I, Chapter VIII). Furthermore human rights were brought up to date and widened (Title III) including for the first time those of the indigenous minorities (Title I, Chapter VIII). Again running against neoliberal thinking, the universal character of social rights were preserved and extended (Chapter V, arts. 86, 87 and 88). The Constitution prohibits the sale of actions in the State oil company PDVSA and guarantees State control of the social security system. New institutions were introduced in the form of the

Electoral and Citizen Powers¹⁶⁰, as well as the more traditional Executive, Legislative and Judicial powers. Yet a number of Constitutional clauses strengthened executive power similar to the Peruvian 1993 Constitution. The presidential period was extended from five to six years, with the possibility of re-election being introduced for one more period. There is increased centralisation with less autonomy for regional and municipal powers, and a one chamber Congress (Lander and López Maya, 2000). Alvarez (2003) points out that while the innovatory direct democracy mechanisms "opened channels for direct participation [of the people] at the same time [the Constitution] enhanced the power of the national executive" at the expense of the other branches of government and the political parties (p155)¹⁶¹. Indeed Norden (1993) qualified the process which led to the Constitution of 1999 and the new powers in the Constitution as a coup in all but name, albeit a *legal* coup (p93).

4.4.6 Hegemony nearly secured...

Fresh general elections, the so-called *Megaelections* were held in July 2000 under the new Constitution, resulting once again in a victory for Chávez and the PP, with the President now being elected until 2006¹⁶². Opposition up until now had been strong but reasonably contained, complaints centring mainly on procedural aspects of the implementation of the Constitution, in particular the appointments to the Moral Power offices, which contradicted the central Constitutional principle of popular participation (See PROVEA, 2001). However, it was the passing of the 49 Enabling Laws in November 2001, which introduced

¹⁶⁰ The Electoral Power is comprised of the National Electoral Power (CNE) as regulating entity, under which is the National Electoral Junta (JNE), the Commission of Civil and Electoral Registry, and the Commission for Political Participation and Financing. The Moral Power is integrated by the Republican Moral Council, comprising the Defender of the People (Ombudsman), the Public Prosecutor, and Comptroller General (Viciano Pastor and Martínez Dalmau, 2001pp 199-203).

¹⁶¹ Indeed political parties are not mentioned in the Constitution and are only referred to once as "associations with political ends" (Alvarez, 2003). Furthermore state funding for parties was abolished (Lander and López Maya, 2000).

¹⁶² Chávez won the vote with 59.76% against that of Arias Cardenas with 37.52%. There was a 43.69% abstention. The MVR was the largest party in the National Assembly with 44.38% of the vote and 92 seats, followed by AD with 16.11% and 33 seats (CNE, 2004).

presidential decrees in education, finance and public administration¹⁶³, galvanising opposition protest and leading to a mobilisation of the increasingly estranged middle and upper classes against the government by the trade union, business and media leadership, with the active participation of the Catholic Church hierarchy, 'civil society' and old-order political parties. A series of one day stoppages took place, and accompanying massive demonstrations, culminating in a 'general strike' being called in early April, leading to the almost total paralisation of the all-important oil industry, the brief overthrow of the Chávez regime and the installation as President of the Republic, of Pedro Carmona Estanga, the heretofore leader of the business association Fedecamaras.

During his 48 hours in power (April 11-13, 2002), Carmona abolished the 1999 Constitution and all the public powers, appointing a small governing committee, most of whom were unelected. However, spontaneous popular demonstrations in support of Chávez gained force leading to the restitution of the President and his government to power by the morning of the 14 April (for more information see Chapter 4). A further attempt by the opposition to unseat Chávez took place in December 2002/January 2003 during a crippling strike/lockout which once again closed down most of the oil industry for 63 days, leading to a projected 10.4 % contraction of the economy for 2003 (Reuters, Panorama, RNV,2003). The strike, however, was eventually defeated by the government, and the State, as Chávez put it, managed to reimpose its authority (Rojas, 2004). However, the opposition continues in its efforts to oust him from power, the latest attempt being a failed revocatory referendum against Chávez held on 15 August 2004.

¹⁶³ Enabling Laws are laws made under decree powers given to the President in cases of emergency. Many of these particular laws, such as the Land Law, which could lead to confiscation of non-utilized lands in extreme cases, were sources of grievances for the opposition, due to their having been passed without consultation as well as due to the content of some of them, in particular the Land Law.

United States support for the April 2002 coup (See Aharonián, 2002; Dissent Voice News Service, 2002) and more recent pronouncements of various US officials against Chávez have fuelled calls amongst some sectors in Venezuela for a military invasion of the country (See Venezuelanalysis.com, 2004). Nonetheless, Chávez has maintained a consistently strong core of support. One poll, held before the 2004 Referendum, suggested that in a revocatory election 33.6 % would vote in favour of Chávez staying in power, and in an open presidential election with various candidates, 29.4 % would vote for the president (García Otero, 2003). At present Venezuela is gripped by a virulent political polarisation which is symptomatic on the one hand of the success of Chávez's hegemonic strategies, and on the other hand, the difficulties of including the variety of sectoral demands within the MVR/PP project, and the strength of the opposition counteroffensive to form a new hegemony. Chávez's total negativising of the *Punto Fijo* period, ignored the many social, political and economic advances for the popular classes then (López Maya, 1996 p149). Furthermore his attempts to constitute the 'Other' around the concept of the political classes/oligarchy, created two blocs characterised by economic and social position rather than rejection of the old order, alienating, probably for ever, much of the middle sectors.

4.4.7 Conclusion

To sum up, through a skilful blend of War of Manoeuvre tactics, such as a coup, a successful series of electoral processes, and a new Constitution and War of Position tactics, such as a highly effective antagonistic counter-hegemonic discourse, flawed but effective alliance building and popular organisation and mobilisation, and the use of symbols of power (the red beret and army uniforms), hope (*por ahora*; Bolívar; utopia) and popular historical struggle (Zamora), Chávez has successfully placed himself and his movement in a position of insecure but effective hegemony. The following section will draw from both these accounts to summarise and evaluate both Presidents' hegemonic strategies

and isolate their salient similarities and differences in the light of the theoretical discussion developed at the beginning of this chapter.

4.5 Comparative analysis: Hegemony, Neoliberalism and Democracy

Overall it can be said that each President provides vivid, and successful, examples of the use of antagonistic hegemonic strategies, using a variety of both 'war of manoeuvre' and 'war of position' tactics. Firstly in terms of 'war of manoeuvre' tactics, Fujimori and Chávez both used coups in their long-term strategies to achieve hegemony. In the case of Fujimori, however, the Peruvian president launched his coup from the Presidency itself, after having won elections and established himself in power in order to eliminate opposition and from there design and foster a new political context more favourable to establishing hegemony. Chávez, however, attempted a coup first which, as Francia (2000) points out, was "a military defeat, but a political victory", weakening the Pérez government, establishing Chávez as a popular leader, and clearing the way for his ascent to power (p145). Despite a long period of advocating abstentionism, the MBR-200 eventually decided to use elections as a means to achieve power, Chávez winning the Presidential elections in 1998 with 51.8 % of valid votes cast (CNE, 2004).

Both presidents used Constitutional Assemblies to draft new Constitutions which strengthened the power of the executive with regard to other State powers, while at the same time introducing elements which allowed more popular involvement in decision making processes. Fujimori, however, introduced this mechanism for change after having taken over all the State powers through his self-coup and establishing coercive hegemony; the CCD was installed only under pressure from the international community, and few of its more popular elements were implemented promptly, if at all. The *Constituyente* in Venezuela was the fulfilment of the main plank of the MVR election campaign discourse. There was greater popular involvement in the process than in the Peruvian case, despite its legitimacy being compromised to an extent by the speed in which it

was implemented and the high rates of abstention in the referendum securing its popular approval. Nonetheless, the Venezuelan Constitution achieved a much higher approval vote than its Peruvian counterpart which barely scraped by under charges of fraud¹⁶⁴. Furthermore the 1999 Bolivarian Constitution was more innovative in terms of popular direct democracy and participation and provided much greater social guarantees than its 1993 Peruvian counterpart, despite sharing similar measures to strengthen the executive and its control over the Armed Forces.

In Venezuela all public powers were immediately put in place, albeit not adhering strictly to Constitutional requirements, thus providing the country with an entire set of functioning, although imperfect, institutions. While both national processes achieved the comprehensive control of the State, the 'primary sources of coercive domination' (Ransome, 1992 p139) required by both presidents to achieve hegemony, it can be said that the Venezuelan process was much more transparent, inclusive, and progressive, and therefore legitimate, than that of Peru, despite the reservations alluded to above. Furthermore, while opposition sectors had little input into both processes, the Peruvian government was more willing to use repression, coercion and clientelism to achieve its hegemonic aims, than its Venezuelan counterpart, which throughout the process remained predominantly within the law (Norden, 2003 p93). Opposition freedom of expression was not limited, and despite centralisation tendencies explicit in both Constitutions, the regions remained important power bases for a variety of opposition figures of national stature¹⁶⁵.

¹⁶⁴ In Peru the the 1993 Constitution was approved by 52.25% in favour to 47.75% against. In Venezuela the Yes vote won with 71% of the votes (Tanaka, 2001). Furthermore dissemination of the Constitutional text is widespread in Venezuela, openly on sale with street vendors at popular prices, frequently referred to by the President, the government and the opposition, and a central symbol in itself of the Bolivarian project; this is definitively not the case in Peru (own observations)

¹⁶⁵ For example Enrique Salas Römer (ex-governor Carabobo), Enrique Mendoza (Miranda), Manuel Rosales (Zulia) and the Metropolitan Mayor of Caracas (and ex-chavista) Alfredo Peña. This was not the case in Peru, where only the mayorship of Lima provided a platform for national challenges to Fujimori's authority, and in the person of Alberto Andrade, a tepid challenge at that.

While these 'war of manoeuvre' tactics achieved the necessary control of the State, hegemony can only be achieved by consent, by 'war of position' tactics as Gramsci advises. Chief among these tactics was the use of discourse to achieve this consent. In this area there were also a number of similarities in both presidents' approaches. Fujimori and Chávez both used discourses that were antagonistic to the status quo, railing against the traditional parties, condemning their corruption and their self-serving policies. Both men not only condemned the parties but the entire systems of which these parties were such an important part, indeed the parties were, in the Presidents' view, the virus that infected those systems, as they were anti-democratic and incapable of reflecting the popular will. Central to this discourse was the need to start afresh, to refound and rebuild these systems so that they functioned as 'true' democracies, with honest dedicated men such as themselves leading these reconstitutive projects, who were genuinely with the people and their interests.

Fujimori and Chávez therefore built on the 'common sense' of the people, and the inherent resentment they held for the parties, their rulers and State institutions. Only Chávez, however, has attempted to take this 'common sense' of the popular classes and, as Gramsci recommends, give them a "'theoretical' consciousness of being creators of *historical* and institutional *values*, of being founders of a State" (Gramsci, 1977 p198). The MVR and Chávez therefore, however, imperfectly, are attempting to genuinely engender and foster "mass politics" unlike Fujimori who, it could be said, to paraphrase Gramsci, is merely an adventurer claiming to represent the masses (ibid.).

Fujimori and Chávez both directed their discourse at the informal sectors of the popular classes primarily, although they both referred to the 'people' - *el pueblo* -thus rhetorically at least, embracing the totality of the population. Both used tradition and history, or as Laclau (1977) put it 'popular traditions' to link leader and people in the construction of the alternative society envisaged by both leaders. However, the concept of the 'people' in Fujimori's discourse

remained essentially undeveloped. The 'people' and President were one and indivisible, but the people remained passive as the President executed their will in their name. In Chávez's discourse on the other hand the 'people' have an essential role. The 'people' are sovereign; the 'people' are fighters struggling for their liberation whose spirit must be encouraged by their leaders; the 'people' are historical subjects who realise their *own* liberation. The people are not the privileged but the downtrodden, economically, socially, culturally and spiritually. Liberation, revolution is an historical force akin to nature which leaders must simply channel and bow down to. Furthermore the leaders must be of the 'people', from the 'people', like 'a fish in the water', as Chávez himself claims to be, unlike Fujimori who was *with*, but not *of* the people, in the ethno-cultural and socio-economic sense (Ellner, 2003, p20). In the Chávez discourse the 'people' are active protagonists in the realisation of their own future, not the passive supporters of the Fujimori *weltanschung*. This could be seen in the massive mobilisations in support of the government in Venezuela throughout the period 2001-2004. Under Fujimori popular mobilisations were rare, were carefully stage-managed and media-oriented, and were held to acclaim rather than reclaim and affirm rights previously denied (ibid. 25).

This phenomenon of the active/passive nature of the people can also be seen in the forms of leadership and organisation found in both regimes. The *Fujimorista* movements had practically no local organisation or leadership, nor grassroots militants, but rather relied entirely on the State, controlled by the President and his government for its organisational needs. There was an absence of alliances with other electoral or social groupings and most State and popular movements were under Presidential control or neutered, such as the Soup Kitchen movements (*comededores populares*) or the unions. 'Independent' regional movements were in effect clients of the State, dependent on resources from central government. On the other hand, the MBR-200/MVR has an organised national structure, with militants and local and regional leaderships. Ideological training and discussion takes place, encouraging degrees of critical

thought and evaluation. Associated social movements, such as the *Fuerza Bolivariano de Trabajadores/FBT* (Bolivarian Workers Force) - keep a certain critical distance from the MVR (Ellner, 2003b). The Patriotic Pole is an alliance of various political parties which have their own independent historical trajectories and maintain their own internal decision making structures and militants. Furthermore there are various factions with different ideological strains within the overall MVR structure (Ellner, 2003 p28).

Certain institutions have delivered judgements which are independent of government, such as the TSJ (*Tribunal Supremo de Justicia*/Supreme Tribunal of Justice) and the CNE (*Consejo Nacional Electoral*/National Electoral Council). Government policy promotes self-organisation of local communities to solve local problems, such as the co-operative movement¹⁶⁶. Overall in the case of the *chavista* movement the evidence points to an organisation based on ideological loyalty and autonomy, of which the leader and his charisma is a crucial but not overdetermined part, whereas the Fujimori movement such as it was, was based almost exclusively on the personal charisma of the leader and the personalisation of power. This difference can be seen for example in the vociferous defence of the Chávez government by the Venezuelan people during the April coup, compared with the collapse in support for the *fujimorista* party in the 2001 Peruvian elections, in the absence of Fujimori, which only gained 1.3% of the vote (Ellner, 2003 p13).

As mentioned previously the concept of the refounding of society, or the redesigning of politics, was central to the discursive vision of both men. Yet Fujimori offers a vision not based on the *construction* of a new radically different society, but one where the old ills will simply be eradicated. Thus terrorism will end, corruption will end, hyperinflation will end and their opposites will become the 'new society'. There is talk of social justice and equality, of democracy, but not within an ideological context aimed at eradicating exploitation; social justice

¹⁶⁶ Provea (2003) reports that by July 2003 there were 10,032 co-operatives registered with the government with around 659,354 members.

and equality will be achieved through the rapid insertion of Peru into the global economy without safeguards for the social gains made during the previous decades. The Fujimori vision is one of modernisation at all costs, with the only guarantee being the President himself, and the relationship between him and the 'people'.

In the Chávez discourse as we have seen, the leader/people relationship is based on activity and struggle on both parts, and not just on the part of the president, to achieve a common goal - a "concrete utopia" of social justice, fairness and equality. Thus the discourse is delivered within the context of a rejection of neoliberalism and with Constitutional guarantees of universal social, economic and human rights. People and leaders are thus linked in a common struggle to create a future, a utopia, which is radically different to that which came before, and not just its opposite. This discursive construction goes against neoliberal precepts as it negates 'the end of ideology' and its replacement by 'common sense' usually conveyed through technocratic assertions and policies, as was the case with Fujimori. It places politics, not economics, at the centre of its discourse, thus instilling in the people a long-term perspective of struggle to achieve radical structural change. This return of utopia to Latin American political discourse acts against the widespread anomie encouraged by the current neoliberal reality being imposed on the region (and the world).

The lack of tangible progress felt in the last decade by the popular classes in Latin America, indeed the economic and social losses experienced by those classes as resources are transferred to the middle and upper sectors, has, initially at least, encouraged a "lack of confidence in the future (a rupture of utopia) [leading to the] disappearance of utopia itself as a source of construction of collective identities, and in this disappearance of utopia, confidence and solidarity also undo themselves" (París Pombo, 1990 p139-140). Chávez by identifying neoliberalism as the source of that disappearance of confidence and solidarity, by reintroducing the concept of utopia to the popular imagination, and furthermore by enlisting the active participation of the Venezuelan people in the

construction of that utopia, has thus gone some way to dispel that feeling of stagnation and return a sense of self and history and collective identity to that part of the Venezuelan people who accompany him in the Bolivarian socio-political project.

Furthermore, while both presidents included a nationalist element in their discourse, this element in the Fujimori discourse was reduced to cultural and ethnic concepts, but not sovereignty, which the Chávez government places at the centre of its nationalism, once again contradicting neoliberal globalisation discourse. Both men used powerful national symbols to reinforce this link between people, national and cultural identity, and themselves. Fujimori used traditional symbols such as clothing, vernacular language, and religion. Chávez too used clothing, such as the red beret to convey concepts of power and ideology, and vernacular language, using baseball terminology (the national sport), national cuisine, and religion to convey a sense of identification between leader and people. However, Chávez went beyond Fujimori to discuss national metathemes of historical magnitude (nationalism, war, rebellion, social justice), reinforced by the micro-themes mentioned above, with the symbolism of Bolívar constantly accompanying them in word and often in image.

Fujimori was willing to compromise national sovereignty in the pursuit of the neoliberal model of modernity. This can be seen clearly in his willingness, at least initially, to implement IMF/World Bank economic and social recommendations wholesale, and his adoption of measures demanded by the US in the 'war on drugs', including overflights and crop eradication. Chávez on the other hand centred his nationalist discourse on the cultural, on *venezolanidad*, but aligned with a policy of zealously guarding national prerogatives. Thus the Venezuelan government has all but abandoned privatisation, has rejected 'savage neoliberalism' and emphasises ownership of strategic industries, constitutionally guaranteeing State ownership of the national oil industry. It has pursued an independent foreign policy, cultivating close relations with Cuba, China, Russia, encouraging Latin American unity, with Brazil and Argentina,

against the Free Trade Agreement of the Americas (FTAA), as well as leading the development of an oil policy with its OPEC associates, based on output restrictions to maintain 'fair' price levels. Furthermore it has refused US aircraft permission to overfly its territory in the so-called 'war on drugs'.

Chávez adheres much more closely than Fujimori to the model put forward by Gramsci, and Laclau and Mouffe (2001). The Chávez government is using force, through its control of the State, but not to the same degree as the Fujimori government, thus also giving, in its emphasis on ideology, a pivotal role to persuasion and consent. It's willingness to seek out alternative responses to the complexities and demands of globalisation which go beyond textbook IMF/World Bank prescriptions and instead look to national tradition and leftist ideologies, as well as social-democratic capitalism, shows an autonomy of thought and action outside the current global neoliberal hegemony. Fujimori's antagonistic discourse, however, while innovative on a the level of symbolism and discourse, showed little ideological or programmatic originality or autonomy, and reinforced inequality and the enrichment of the main economic power blocs rather than contesting it. Consequently there was little real opposition amongst the political class and the elites to the Fujimori government, and much of it was around issues of institutionality, issues which gained little currency amongst the popular classes. While much of the Chávez government's programme has not seriously affected the main power groups interests, bar its wresting control of the oil industry from its technocratic, middle class management elite, it has shown itself to be a major block to the implementation of those interests' projects, which one can surmise would be much more in tune with neoliberal prescriptions.

More dangerously still, from the elite's point of view, Chávez's mobilisation of the popular classes has provided large sectors of those classes with an 'experience of participation' which has empowered and emboldened them to seek greater social, economic and political participation. It is, however, precisely on this terrain that the Chávez movement has ran into trouble in achieving

hegemony. While much of the anti-neoliberal and nationalistic discourse has achieved resonance amongst Venezuelan middle sectors, it has lost much of the support in those sectors. This has been, on the one hand, due to powerful economic logics where the Bolivarian project has delivered little benefit to those sectors.¹⁶⁷ On the other hand, however, much of that rejection is based on equally powerful *anti-logical* emotions based on race- and class-based fears, fears that have been quite successfully whipped up by much of the private media. Opposition therefore is much more active against Chávez, than it was against Fujimori, and concentrates on all fronts. The boundaries are not nearly as clearly drawn as Laclau and Mouffe maintain in this particular developing country: many of the middle sectors, and some parts of the popular sectors, identify much more closely with the Opposition than with Chávez, due to cultural identification with capitalist and liberal values seen threatened by the Chávez project.

How can a government, dedicated to the achievement of equality, counter that irrational fear mentioned above without contradicting the 'logic of democracy' as Laclau and Mouffe maintain? Sectors of the Venezuelan opposition, and sectors of the Bolivarian movement have gone beyond reason and dialogue, much of this inspired by their respective leaders, but built upon a very solid but volatile visceral prejudice against their compatriots from opposing classes/races, made worse by consistent denials of this prejudice by many in the opposition camp. It is difficult in such a context to ensure that the 'logic of democracy' is scrupulously followed where such prejudice, added to naked economic self-interest, is translated into sedition and violence. Dialogue is further made difficult by maximalist demands being made by the opposition concentrating on the resignation of the president, the annulment of the entire Bolivarian project, and the eradication of its movements, as evidenced in the ten-

¹⁶⁷ See for example Wilpert, 2003a.

point decree issued by Pedro Carmona in the April 2002 coup (Carmona, 2002), and during the later lockout/strike.

Indeed, Chávez himself had made maximalist declarations by refusing to dialogue with many of those sectors linked to the Fourth Republic.¹⁶⁸ In such a tightly polarised situation, where 'antagonism' goes from the ideological, to the visceral, to violence, it may often be impossible to follow the 'logic of democracy' without resorting to the tactics of 'totalitarianism'. Laclau and Mouffe therefore demonstrate to an extent a loose grasp on the complexities of power in favour of idealistic theoretical recommendations. There is an inherent contradiction between the 'logic of democracy' and the logic of 'antagonism', as once the interests of powerful sectors are threatened, democracy in its liberal form at least, as we've seen in the case of Fujimori and in the case of many of the opposition strategies against Chávez, becomes a secondary consideration to the 'logic of hegemony'. In this context Chávez, Fujimori and sectors of the Venezuelan opposition have displayed 'totalitarian' tendencies, but only Chávez has balanced them with a determinate programme aimed at democratic inclusion and participation of the popular classes. In this Chávez has shown himself much closer to the 'classic' populist model of a Perón, with its complex structures of popular organisation and participation in furtherance of democratisation, than that of Fujimori which is a model of 'neopopulism', of a more stricter leader/masses model (See Roberts 1995 and Kay, 1996).

Nevertheless, personalisation around the leader, to a greater or lesser degree has led to an increasing reliance on the State as a tool for achieving 'suture' as Laclau and Mouffe term it. In the case of Fujimori, as his second term in office (1995-2000) developed there was an increasing reliance on force to ensure the regime's continued survival. In the case of Chávez, his refusal to treat with the opposition and many of the sectors which now support them, such as large parts of the middle sectors, has led to a failure to ensure the inclusion

necessary to achieve true hegemony in the Gramscian sense of consent. Due to this situation of acute polarisation there is for the moment anyway, little possibility of regaining those sectors to the government. Thus the Chávez regime sometimes goes against the 'logic of democracy', as Laclau and Mouffe (2001) term it, but rarely becomes entirely dominated by the 'logic of totalitarianism'.

To an extent with Fujimori this was not that surprising, given that he came to power in the midst of a national crisis whose magnitude was not seen in Peru for many years, with a cruel terrorist war and seemingly uncontrollable hyperinflation. Nonetheless, having dealt with those problems effectively, the authoritarian dynamic accelerated rather than diminished. In the case of Venezuela, it could be said that it is equally unsurprising that the Chávez government should display certain authoritarian tendencies, given the entrenchment of the Fourth Republic apparatus and the activities of more radical sectors of the opposition. However, whilst there is now a visceral rejection of the President in opposition sectors, there is also an increasing emphasis on 'poverty' and exclusion in its discourse, both in its criticisms of Chávez and in its albeit undeveloped programmatic pronouncements.¹⁶⁹ This shows that Chávez has to an extent succeeded in moving the discursive 'frontier' to embrace the fundamental social and economic inequalities that any possible future opposition government will have to be seen to address; that in effect a form of 'consent' is being achieved even amongst those sectors. Furthermore Chávez's discursive and programmatic emphasis against neoliberalism continues to make it difficult for opposition parties to declare their intentions in this regard without risking losing votes, forcing them to continually emphasise (and exaggerate) the 'evils' of Chávez and the failures of his government rather than providing concrete

¹⁶⁸ This discourse however has been qualified (Chávez 2004)

¹⁶⁹ See for example Coordinadora Democrática, 2002

programmatic alternatives, thus provoking mistrust or at the very least caution amongst many sectors of the population.¹⁷⁰

The different sectors of the Venezuelan opposition will find it difficult to achieve hegemony in the Gramscian sense unless it clarifies this ambivalence to neoliberalism. In the present conjuncture, however, unlike in the early 1990's it is much more difficult to construct a coherent, plausible, articulated discourse around neoliberalism due to the increasing weight of evidence being accumulated against its effectiveness as an economic model for Latin American countries, which can also attend to issues of social justice and equality. This is especially so in Venezuela which has had a historically fraught relationship with neoliberalism since the very beginning of its application in Latin America. This is one of the principal reasons why sectors of the Venezuelan opposition, most of whom would refer to themselves as democratic, have resorted to patently undemocratic tactics to achieve hegemony.

Yet even here Venezuela's Opposition sectors have encountered difficulties due to the regional consensus rejecting extra-legal means to achieve power, as evidenced by the division in support in the hemisphere for the April 2002 coup. Any future opposition government will therefore have to carefully navigate between the demands of the increasingly uncertain waters of neoliberalism and globalisation and a wary, impoverished Venezuelan electorate mistrustful of their intentions. Within this context, the MVR as an organisation ideologically and programmatically opposed to neoliberalism will in all likelihood continue to find a space in Venezuelan politics, with or without Chávez.

4.6 Conclusion

The present chapter has charted and analysed the means by which both presidents gained power in their respective countries. It has particularly pointed

¹⁷⁰ In a poll conducted in January 2004, the largest percentage of those surveyed 38.7 %, described themselves as non-aligned politically, the so-called 'ni-ni's' while 25 % described themselves as pro-Chávez and 33 % anti-Chávez (El Universal, 2004)

to the dangers of authoritarianism which can emerge as groups attempt to achieve hegemony. The following chapter will examine more closely this tension between the authoritarian and democratic tendencies in each government. Specifically it will focus on elements of participation within democratic theory, such as elections, freedom of expression and information, human rights, amongst others, and investigate how these policy areas have fared under each government, and how they aided each regime gain legitimacy, if at all.

5 CHAPTER 5: Democrats or authoritarians? Human rights, institutional autonomy and popular participation under the governments of Alberto Fujimori of Peru and Hugo Chávez of Venezuela

5.1 Introduction

According to Habermas, democratic legitimacy must be sought in every sphere of national life: the economic, the social, the political and the cultural. Populist presidents seek to achieve legitimacy in these spheres, increasing popular participation and therefore helping them secure hegemony. However, such populist attempts at achieving hegemony can lead, to forms of 'totalitarianism' which negate the 'logic of democracy'. Nonetheless, in the context of globalisation such 'totalitarianism' or 'authoritarianism' is increasingly unacceptable. Can populist leaders achieve legitimacy and stay within internationally accepted democratic norms?

In the cases of Fujimori and Chávez both have been accused of authoritarianism even though both presidents were elected democratically not just once but twice. In this chapter, I examine more fully this dichotomy between democracy and authoritarianism in the governments of Chávez and Fujimori. The chapter attempts to answer two questions: (i) to what extent are these presidencies democratic; and (ii) to what extent both achieved legitimacy. I answer these questions, first by examining concepts of democracy and authoritarianism in writings on the two presidents and within the context of populism. I then develop a comparative framework from the writings on democracy by Rueschemeyer et al. (1992) and Dahl (1989). This framework is used to assess the relative democratic or authoritarian nature of both presidents within a number of key policy areas associated with popular participation: electoral law and practice, presidential authority and institutional autonomy, human rights, media freedom and the right to information, and associational autonomy. The chapter ends by enumerating a number of important similarities and distinctions between the Chávez and Fujimori governments, using

O'Donnell's (1994) 'delegative democracy' model as a guide. From these analyses the extent of the presidencies legitimacy within the Habermasian political and social spheres can be ascertained.

5.2 Fujimori and Chávez as Democraduras

There is a substantial literature referring to the democratic/authoritarian hybridity of the Fujimori government.¹⁷¹ Sinesio López (Quehacer 82, 1993) wrote of the Fujimori government as a "formal dictatorship in constitutional democracy" in other words a "*democradura*"¹⁷²(p37). Mauceri (1997) wrote of it as an "autocratic democracy" (p909). Conaghan (1996) refers to '*fujimorismo*' as a hybrid that combines "some of the formalities of a democratic system with non-democratic practices" (p3). Similar ambivalence is found in discussions on the Chávez government¹⁷³. Cameron (2001) states that comparisons with fascism in Italy or the French Revolution do not provide sufficient comparative perspectives on Chávez, and recommends comparison with "Juan Perón in Argentina or Alberto Fujimori in Peru" (p265). Ellner and Hellinger (2003) write that the "pigeonholing" of Chávez as an authoritarian is over-simplistic and lacking in nuance (p216). They claim that the "Chávez phenomenon is complex, that its direction remains to be defined", and that such charges are instead symptomatic of a highly polarised political situation (ibid.). Freedom House rated Peru as 'partially free' with a rating of 5.4 in the years 1999–2000, while for the same years they rated Venezuela 'partially free' with a rating of 4.4 (Freedom House, 2003).

¹⁷¹ Conaghan goes on to point out that while democratic form is observed, democratic substance is not developed: "Dissent and debate do take place, but often with no discernible impact on institutional behaviour" she states (ibid. p3).

¹⁷² This is an amalgam of the Spanish words *democracia* (democracy) and *dictadura* (dictatorship).

¹⁷³ Raul Diez Canseco, once Vice President of Peru made mostly negative comparisons between both presidents, but pointed to the freedom of the media in Venezuela, as opposed to its near total colonisation in Peru by Fujimori (Alvarez, 2002), contradicting several claims made by the Inter American Press Association (AFP-AP, 2002). MVR member, Omar Mezza Ramirez pointed to the solid support of Chávez by a number of parties, as opposed to Fujimori's almost total disdain for programmes and political parties and even his own movement (Televen, 2002).

Most comparisons made between Fujimori and Chávez, however, emphasise their shared authoritarianism. Tanaka (2002a p1) states, for example, that: "Fujimori as much as Chávez [took] advantage of institutional reforms which, while they were formally democratic, constitute authoritarian governments in practice". More specifically, these accusations centre on two areas: human rights and institutions. Attacks on the media are emphasised, and the use of threatening and insulting language against the press and the opposition. The "colonising, substituting, closing and eliminating" of institutions, the minimal role given to parties, and the use of the Armed Forces for support have all been cited as dangers to the independence of institutions (Televen, 2002). Grompone (cited in Cotler and Grompone, 2000 p80) and Mc Clintock (cited in Diamond et al, 1999 p311) both regard the Fujimori regime as authoritarian, while Naím (2001 p69) and Caballero (2000 p162) regard Chávez similarly. In both cases the norm amongst opponents of these presidents is to refer to them in language pertinent to authoritarianism: "dictator", "tyrant" etc.

Yet, both governments also displayed traits that can only be identified as democratic; both presidents were elected in relatively fair and free elections with large majorities, both introduced new Constitutions which were approved by the people in referendums, both went on to be re-elected with large majorities under the new Constitutions. Peru and Venezuela under both presidents had institutions normally associated with democracies; courts, elected assemblies, full universal suffrage, parties, a "free" media. Surely under such circumstances these rulers could not be judged "dictators" or "tyrants" as the above mentioned critics charge?

A useful model to explain both presidencies is Guillermo O' Donnell's (1994) 'delegative democracy'. Delegative democracies (DDs), have, according to O'Donnell, an elected president who can rule as "he or she sees fit, constrained only by the hard facts of existing power relations and by a constitutionally limited term of office" (p59). DDs are "strongly majoritarian" with little popular activism, supporters being "a passive but cheering audience of what the president does"

(ibid. p60). The president becomes the "alpha and omega of politics", using politically and popularly insulated *técnicos* to implement the necessary measures needed to restore the country to the desired state of proficiency. Resistance, from the opposition, congress, interests groups or crowds in the streets, must be ignored (ibid. p61). Yet parties, congress and the press are free to criticise, as are important social sectors. In a DD, there is little or no 'horizontal accountability' and institutions are 'hampered' by the executive (ibid. p62). Policy making is swift, "but at the expense of a higher likelihood of gross mistakes, of hazardous implementation, and of concentrating responsibility for the outcomes on the president" (ibid.). Often the 'success' of their policies leads presidents in DDs to seek further electoral terms and arrange for this in constitutional reform (ibid. p67).

5.3 Populism, authoritarianism and democracy

The authoritarian/democracy dichotomy has been central to debates on populism for many years. Dix (1985) touched on this dichotomy, but failed to satisfactorily explain why some populist governments were democratic and others authoritarian, nor the *motivations* of the popular classes to support authoritarian populist governments which, one would suppose, should by their very nature contradict the democratic aspirations of the popular classes. Germani (1965), however, provides us with clearer answers to these questions (p157). For him the distinct historical contexts and ideological climates of Latin America caused the emergence of movements which in various ways combined opposing ideological and political traditions. "Leftist authoritarianism, leftist nationalism, right wing socialism and a multitude of hybrid even paradoxical formulas, from the perspective of the dichotomy (or continuum) left-right" were combined in "national-popular" movements (ibid.). These hybrid regimes were undoubtedly authoritarian but they differed crucially from fascism, for example, in the "effective though limited participation of [their] human base" (ibid. p159).

National-popular movements, as he termed them, provided their supporters with a certain degree of effective liberty: "...for the first time these are people conscious of the possibility of taking decisions in a variety of spheres which previously were fixed for ever. Participate in a strike, elect a union leader (...), discuss on an equal footing with their boss, alter the level of individual behaviour in 'master-servant' relations in an egalitarian sense..." (ibid. p160). Furthermore, this sense of liberty conveyed a greater meaning of democracy to the popular classes than that of liberal democracy, which was debased by the repeated use of its language by autocratic unrepresentative rulers.¹⁷⁴

Democracy goes beyond the vote or other influences that the popular classes might have over their government, or indeed economic benefits that might accrue to them as a reward for their support. The real base of this support, Germani insists, is in that "experience of participation". Limiting democratic liberties, such as "liberty of expression" affects intellectuals primarily – for the popular classes these limitations can co-exist with significant experiences of concrete liberty for them in their individual lives (ibid. p161). Germani thus introduces to the debate the different conceptions of democracy that exist amongst different classes in Latin American society, and the different ideological and practical meanings that it can have for these classes.

More recent analysis has updated the concept of populism, creating a new hybrid of populism, authoritarianism and neoliberalism within a democratic structure. Roberts (1995), Kay (1995) and Weyland (1996 p10) typified Fujimori as a "neopopulist", a new breed of authoritarian populist congruent with neoliberalism.¹⁷⁵ Cammack (2000) and Tanaka (2002a/2002b), amongst others,

¹⁷⁴ "For most of the countries of Latin America (...) the symbols of democracy have lost – or better still, *never* had – a positive meaning. On the contrary, due to the political tradition of these nations, they usually tend to have a negative value. There hasn't been a dictator, an absolute and arbitrary autocrat, who has not immeasurably employed the symbols and terminology of democracy" (ibid.).

¹⁷⁵ These affinities were a constituency drawn mostly from the poor informal sector against organised groups in the middle and working classes and the political class; a strong executive strengthening the apex of the state and using a top-down approach; costs being paid by the

have placed Chávez within the neopopulist category, along with Fujimori. Therefore in populism, democracy and authoritarianism have repeatedly blended, often in order to further democratisation, bringing in larger sections of the popular classes into national life. The following section will therefore look more closely at concepts of democracy and participation, in order to construct a framework from which the merits of such classifications can be further teased out.

5.4 Democracy and participation

Rueschemeyer, Stephens and Stephens (1992) conceived of democracy as based on three principles: (i) regular, free and fair elections of representatives with universal and equal suffrage; (ii) responsibility of the state apparatus to the elected parliament; and (iii) freedom of expression and association as well as the protection of individual rights against arbitrary state action (p43). If a regime ranked near zero in the first two dimensions it was, according to the authors, an *authoritarian* regime, if in all three, *totalitarian*. A democracy would be considered restrictive if the stipulated conditions are met to a large extent but: (i) significant sectors of the population are excluded through suffrage restrictions; (ii) responsiveness of government is significantly reduced, through say military interventions or political pacts; and/or (iii) limitations of the freedom of expression and association significantly narrow the range of articulated political parties, for example, through the prescription of political parties (ibid. p44). Furthermore, Rueschemeyer et al. lay emphasis on the centrality of the need for participation of the marginalised and excluded in the political process as a fundamental part of the democratisation process (ibid. p46). Dahl (1989) also considered that the following "institutions" must be present to establish effective participation in a democracy which will be incorporated into the overall framework: (i) elected officials; (ii) inclusive suffrage; (iii) right to run for office;

above-mentioned organised groups in civil society and benefits accruing to the poorer sections

(iv) freedom of expression; (v) alternative information; and (vi) associational autonomy (p222).

It is my intention to analyse a number of key policy areas of both governments mostly during the 1990–1995 period for Fujimori and between 1998–2003 for Chávez, using the following framework:

Table V: Democracy and participation

Rueschemeyer et al. (1992)/Dahl (1989)	Policy area
1. Free and fair elections of representatives with universal and equal suffrage	a. Electoral law and practice
2. Responsibility of the state apparatus to the elected parliament	b. Presidential authority and institutional autonomy
3. Freedom of expression and association as well as the protection of individual rights against arbitrary state action	c. Human rights d. Media freedom and the right to information e. Associational autonomy

5.5 *Authoritarianism and democracy in the governments of Fujimori and Chávez*

5.5.1 Electoral law and practice

A number of elections and referenda were held during both presidencies, however, due to space considerations this section will concentrate on the general elections held in Venezuela in 2000 and in Peru in 1995. In both cases these were the first major elections for each president under new constitutions compiled largely as a result of presidential initiatives (see following section). In both cases also there were accusations of electoral fraud. However, these accusations were much more acute and sustained in the case of the 1995 elections in Peru. Furthermore, the Peruvian elections were held as part of a process of change which was initiated under the auspices of a self-coup (*autogolpe*) (see Chapter 3) and in the aftermath of a prolonged guerrilla war.

(Weyland, 1996 p10).

As Fujimori had narrowly missed losing the referendum for the approval of the 1993 Constitution he was not going to run any risks with the 1995 elections.¹⁷⁶ Montoya (1995) observed that Fujimori used his position as head of state to recruit state officials, political authorities and, above all, sectors of the Armed Forces, as his campaigning agents (p47). These agents were particularly effective in the many emergency zones created due to the war with Sendero and under the almost "absolute" control of the Armed Forces. According to Montoya, 47% of the Peruvian population lived (in 1995) in emergency zones, almost 21% of the electorate, and 15% of that in rural areas (ibid.). This situation allowed the government to 'discourage' opposition party militants from campaigning in these areas as well as using peasants organised under military controlled vigilante groups ('rondas campesinas') to campaign for the government (ibid. p48). The position of the Army as distributors of the food and construction aid, on which many peasants in these areas relied, enabled them to put pressure on locals to vote for Fujimori.

Schady (1999) develops this last point further. In years previous to the elections, responsibility for the administration of numerous social and basic infrastructure programmes had been transferred from local governments and line ministries to the Ministry of the Presidency. "By 1995, this Ministry controlled more than 20% of the central government budget, and oversaw thirteen programs involved in, amongst other things, nutrition, education, health, water, sanitation, and housing" (ibid. citing World Bank p4). Local government, meanwhile, had been starved of funds as its tax raising abilities had been taken from it, making it directly dependent on central government (ibid. p3). Furthermore, Ministry of the Presidency funding was often channelled through the FONCODES programme in particular, and Schady found that FONCODES projects were specifically targeted at provinces that had supported Fujimori in

¹⁷⁶ 52.25% voted in favour of the Constitution, while 47.75% voted against it. Mc Clintock reports irregularities in 1992 Constituent Assembly elections and in the Referendum, many of them similar to those reported here (see Mc Clintock, 1996 pp.68-73).

1990, but had abandoned him in the 1993 Constitutional referendum. "Expenditures were boosted before national elections; community based projects were channelled to provinces where the political returns were expected to be large" (ibid. p25). Such expenditure was directly attributable to the President according to polls and the President spent large amounts of times opening projects funded by such expenditure (Montoya, 1995).

Planas (2000 p352) noted severe discrepancies in the voting pattern for Congressional seats in the 1995 elections. Almost 40.80% of votes cast in the Congressional elections were cast as spoiled votes, as opposed to 8.72% spoiled in the concurrent Presidential vote. The spoiling of these votes was never satisfactorily explained, having been attributed to technical problems by the Electoral Board, and subsequently pursued little by the opposition (OAS, 1995 p29).¹⁷⁷ Planas notes, like Montoya, that the root of the problem lay in "the management of institutions and state concerns to guarantee the continuity in power of Fujimori leaving very little room for pluralism and political liberty for those sectors opposing the regime" (op. cit. p354). In other words these elections, instead of marking the beginning of a new democratic era, marked a continuation and deepening of the authoritarian dynamic which had started with the *autogolpe* of 1992 (Tanaka, 2002 p51).

Nevertheless the OAS in the executive report of its electoral observers mission, while acknowledging most of these complaints, and the particular conditions under which the elections were held, voiced little criticism of the process (OAS, 1995). In general, the OAS felt that complaints were dealt with adequately, and that many of the other problems noted such as delays in the setting up of polls and getting the vote started were normal problems and "were not a widespread factor that could have compromised the outcome" (p28). Furthermore, the vote for the government was impressive with 62.4% of votes

¹⁷⁷ Conaghan (1996) notes that there was a failure on the part of the press to follow up on this due to newspaper reliance on official sources: "...when the Jurado Nacional de Elecciones and the Attorney General's Office went silent on the matter, news coverage of the matter virtually ceased" (p16).

for Fujimori and 52.10% of votes to the president's movement Cambio-90-Nueva Mayoría. Few questioned the clear support given to the President by the electorate and the unquestioned legitimacy that this entailed. The 1995 elections were the final test of the full return to democracy in elections that were "more or less clean" (Tanaka, 2002 p51).

The Venezuelan 2000 elections were also held in an atmosphere of considerable mistrust. Kornblith (2001) reports a situation of "judicial, institutional and organisational advantage in favour of government candidates, and insecurity for the rest of the participants" (p136). Many of the institutions designed to guarantee fairness and equity, including the Supreme Tribunal of Justice (TSJ), the Attorney General, the Defender of the People, and the National Election Council (CNE), were chosen by Congressional committee rather than with the popular participation that the Constitution required, creating an atmosphere of insecurity with regard to legal guarantees (PROVEA, 2001 p17). Furthermore, a number of serious technical and electoral roll problems were detected before the elections scheduled for the 28 May, heightening the tension and mistrust already palpable since the installation of Chávez in 1998.¹⁷⁸ However, the Chávez government accepted a court ruling brought by a number of NGOs to postpone the elections to 30 July, and took advantage of the intervening time to change the composition of the CNE and correct the technical problems. The OAS (2000a) noted that the deficiencies and difficulties were rectified "creating credibility and confidence in the new electoral authorities" and that actions on the part of NGOs, the Public Defender and the Attorney General inspired "a climate of transparency and confidence in the electoral process, which in the Mission's opinion, is an indication of the strong democratic political culture that prevails in Venezuela"(pp.15–16).

¹⁷⁸ The OAS (2000a) observation mission identified four problematic aspects in the voter register: fraudulent changes of address, relocation of polling stations, deceased voters and double registration (p53).

Kornblith (2001) claims, however, that the use of premarked voting tickets in the Presidential elections was a ploy to "favour the government candidates" (p159). She detected a higher than average incidence of spoiled votes,¹⁷⁹ which were augmented by premarked voting tickets which caused "serious distortions in the electoral results" (ibid. p146). The OAS, however, believed that this practice was the "exception rather than the rule" and that such irregularities were not "attributable to any deliberate attempt to alter the popular will" (op. cit. p65; ibid. p83). Kornblith also contradicts the OAS when she states that the treatment by the CNE of some of the post-election Opposition appeals for a recount were marked by "partiality, inequity and disdain for legality, (...) further reinforcing the negative perception of the electoral institutions of the country" (ibid. p160) as opposed to the OAS finding that they were fairly treated (op. cit. p83). In sum, Kornblith's assessment of the elections are mostly negative and contradict the OAS's main conclusion that the "electoral process culminating in the July 30 vote must be considered valid overall, despite the difficulties and complaints indicated..." (OAS, 2000a p84).

Therefore, we have a similar situation in both elections in that critics of the government contradict the OAS' findings. The evidence suggests that in Peru, however, the elections were held in an atmosphere where the full power and weight of the State was used much more comprehensively to ensure the re-election of Fujimori. In Venezuela, there may have been an attempt to skew the election results in favour of the government, as Kornblith maintains, but this does not seem as systematic as in the Peruvian campaign. Furthermore, a robust and vigilant opposition, media and civil society campaign and the vigilance of the international observation organisations mitigated against any attempt there may have been to ensure a fraudulent outcome on behalf of the Venezuelan government. Media coverage was "critical of the government and the election authorities" and broad freedom of expression and assembly were found (OAS,

¹⁷⁹ In 78.39% of automated voting booths spoiled votes were above the 5% considered normal and most of them in the presidential vote (Kornblith, 2001 pp.146–148).

2000 pp.51–60), as opposed to Peru where much of the media was "unambiguously aligned with the [Fujimori] administration" (Conaghan, 1996 p17). In 2000, Chávez did not yet have the full weight of the state behind him as he did not have the time advantages of Fujimori to establish himself as completely in power, nor had he crushed the opposition to the same degree as Fujimori had done in the 1992 autocoup.¹⁸⁰

Fujimori's greater grip on power is reflected in the greater scale of the reported fraud in Peru 1995, and the effective disenfranchisement of large sectors of the population in the emergency areas due to the coercion of poorer sectors by the military. In Venezuela, on the other hand, reports indicate that there was little or no intimidation of electors to vote in favour of the governing party, allowing people to effectively vote freely, indeed the OAS reports that "military personnel demonstrated (...) a generally co-operative and friendly attitude towards voters and other players in the process" (ibid. p58). Nonetheless, abstention rates in Venezuela have been exceptionally high for most of the 1990s, virtually disenfranchising large proportions of the population.¹⁸¹ Moreover, manipulation of electoral rules to favour governing parties was commonplace during the Punto Fijo era and has been availed of equally by the Chávez government according to Buxton (2001 p30).

¹⁸⁰ Fujimori had been in power for five years as opposed to Chávez being in power less than two. The main opposition leader in Peru, Alan García was in exile while all the major opposition candidates to Chávez were still in the country, and the parties still maintained substantial support in the National Assembly and in local government.

¹⁸¹ Abstention has increased by 40% in Venezuelan presidential elections between 1973 and 2000 (Ryan, 2001 p17). Almost 50% abstained in the elections of 1998; 62% in the referendum convoking a constituent assembly (April 1999); 54% in Constituent Assembly election (July 1999) 56% in referendum approving the new Constitution (December, 1999) (Buxton, 2000 p29); 43% in the 2000 Presidential elections (Fleischer, 2000); 76.50% in Trade Union leadership referendum Dec, 2000 (CNE, 2003). Pérez Baralt (2001) identified three reasons for electoral abstention: "progressive loss of credibility of the obligatory vote, erosion of party loyalties and a negative attitude to the political system" (p125). Buxton concurs and adds that in relation to the Chávez government, its radical institutional reform was carried out without the expressed support of a majority of Venezuelans (ibid.). Despite this however Coppedge (2002) shows that: "The size of Chávez's base of electoral support [...] remains solid in comparative perspective [with previous Venezuelan presidents and other Latin American leaders]" (pp.4–5).

In sum, while there is disquiet about the manner in which both elections were held, there is little doubt that the results were a reflection of the will of the people. Both presidents were extremely popular before the respective elections and had high levels of legitimacy with the population. However, comparatively speaking the evidence suggests that there were greater levels of political pluralism and electoral fairness in the 2000 elections in Venezuela than in Peru 1995.

5.5.2 Presidential authority and institutional autonomy

One of the principal points of comparison between Fujimori and Chávez, according to critics, is in their dominance of institutions in order to use them for the perpetuation of power. Both presidents pursued similar policies of centralisation of power in the hands of the executive at the expense of other branches of government. The Fujimori government, according to Grompone (2000 p80), sought from the beginning to establish an authoritarian regime based on social control, restrictions on mobilisation and limited pluralism. Fujimori introduced a raft of legislative decrees granting the president and the Armed Forces wide powers in the anti-subversive war, thus paving the way for the autocoup of April 1992.¹⁸² Through the autocoup, Fujimori centralised power further, clarified his authoritarian intentions, and received the apparent support of the public in doing so.¹⁸³ It was international, not national pressure, which forced Fujimori to hold elections for a Constituent Assembly (CCD) that eventually resulted in the Constitution of 1993.

The CCD was strongly pro-Fujimori, the majority of opposition parties having boycotted the elections. It gave increased power to the executive, by establishing the possibility of re-election, and making Congress a unicameral legislature with a reduced number of representatives (from 240 to 120). Tanaka

¹⁸² See CNDDHH (2003 p10) for a list of laws passed that centralised power into the hands of Fujimori and Montesinos.

(2001) notes, however, that the 1993 Constitution is not exactly a tool "made to measure for an authoritarian government" (p51).¹⁸⁴ The CCD also put forward mechanisms encouraging popular participation and "direct democracy". Tanaka states that this was why the 1993 Constitution allowed only one immediate re-election and established mechanisms of citizen consultation such as a referendum, or public protection such as a Public Defender or ombudsman, as well as a Constitutional Court. "[T]hese things turned against the government when it tried to perpetuate itself in power", prompting the government to destroy "the same institutional order created under its hegemony" (ibid. p52). Thus, Grompone can argue correctly that Fujimori's "authoritarian project did not lose its unity of purpose and its direction" (op. cit. p107). Fujimori never had, nor developed, a constitutional, democratic conviction and the Constitution was treated as an obstacle to the perpetuation of the regime's power, rather than fundamental to its survival.¹⁸⁵ The autocoup of April 1992, not the Constitution of 1993, was the true measure of Fujimori's commitment to democratic institutions.

In the case of Venezuela, a similar situation seemingly developed at first sight, prompting Tanaka to maintain that "in both cases we have authoritarian and anti-party leaders who impose Constitutions strongly marked by participative and modernising mechanisms, which finally resulted in being counterproductive for them" (op. cit. p52). The Bolivarian Constitution of 1999 was written up by a Constituent Congress strongly dominated by members elected on the government's ticket, but many of whom have since passed into the opposition.¹⁸⁶ Public participation in its deliberations was very high and quite successful (Garcia Guadilla, 2003). It strengthened areas such as human rights, justice, and citizen

¹⁸³ Public support for the coup reached more than 80% of the population according to opinion polls (Tanaka, 2001; p48)

¹⁸⁴ Furthermore Mc Clintock points out the consistencies in the centralising tendencies of the 1979 and 1993 Constitutions (1999 p344).

¹⁸⁵ See note 4, above.

¹⁸⁶ A number of notable examples are the political analyst Miriam Kornblith, the constitutionalists Richard Combellas and Alan Brewer Carias, the writer Angela Zago, journalist and former Metropolitan mayor, Alfredo Peña to name but a few who have become powerful critics of the government.

control of public life. New regulatory bodies such as the Defender of the People to protect human rights and represent citizen concerns to the State were created, and democracy was extended through the establishment of referendums, revocatory referendums, and constituent assemblies amongst other innovations.¹⁸⁷

Yet a number of Constitutional clauses strengthened executive power similar to the Peruvian 1993 Constitution. The presidential period was extended from five to six years, with the possibility of re-election being introduced for one more period. There is increased centralisation with less autonomy for regional and municipal powers, and a one chamber Congress (Lander and López Maya, 2000). Alvarez (2003) points out that while the innovatory direct democracy mechanisms "opened channels for direct participation [of the people] at the same time [the Constitution] enhanced the power of the national executive" at the expense of the other branches of government and the political parties (p155).¹⁸⁸ In both situations the end result was the sweeping away of the old order and the installation of a new one. Yet the crucial difference in the approach of the two presidents is that Fujimori achieved his new order through a coup, which then was copper-fastened and legalised by the Constitutional process, while Chávez effected his new order through legal means. Norden (2003), therefore, can justifiably state that Chávez achieved radical change "*through* the rules and procedures of Venezuela's existing constitutional democracy..." (p93). This was certainly not the case with Fujimori.

The strengthening of the executives through the Constitution in itself was not unusual in a Latin American or global context, and the innovative provisions provided a balance to those favouring the executive. Difficulties arose, however,

¹⁸⁷ Referendums allow citizens to propose new legislation; revocatory referendums allow citizens to attempt to cut short the mandate of elected and public officials half way through their terms, constituent assemblies can be proposed by the citizen, legislative and executive branches to propose new laws. Few of these mechanisms have been tested so far, except for the revocatory referendum against President Chávez's mandate held in August 2004.

in the implementation of these provisions and, in the Peruvian case especially, with the passing of legislation which contradicted the spirit and sometimes the letter of the Carta Magna.¹⁸⁸ Fujimori on executing the autocoup, sacked 13 Supreme Court judges, the Attorney General, and hundreds of lower level judges and prosecutors. The judges were replaced by provisional judges; by early 2000, 70% of judges and prosecutors remained provisional (Youngers, 2000 p34). This situation affects the security of the judges and thus the quality of their work, as they are aware that they can be removed at any time for whatever reason. A similar situation exists in Venezuela; judicial personnel were to be renovated by a new appointments procedure, but progress is slow. Provea (2003; Derecho a la Justicia) reports that of 1,772 judges in office 1,331 or 75.1% remain provisional with little progress on regularisation of their posts.

Other sections of the justice system fared little better in Peru. The Constitutional Court was dissolved in the autocoup and was not replaced until 1996, despite a requirement to do so in the 1993 Constitution. It lasted only one year, as three of its magistrates voted against Fujimori's second re-election, were sacked and never replaced (Youngers, 2000). Blanca Nélida Colán, the new Attorney General was seen to be extremely partial to the government, dropping or actively blocking human rights and corruption cases brought against the government (Conaghan, 1996 pp.9–11). In Venezuela, on the other hand, Supreme Court judges were immediately appointed but, along with the Public Powers (the Attorney General, Chief Comptroller, and the Public Defender), by committee instead of with the public involvement as required by the new Constitution. However, these appointments were ratified by the National Assembly as the Constitution requires. Nonetheless, these appointments were seen to favour the government due to the perceived use of clientelism in their appointment and have little public confidence (Provea, 2003; Derecho a la

¹⁸⁸ Indeed political parties are not mentioned in the Constitution and are only referred to once as "associations with political ends" (Alvarez, 2003). Furthermore state funding for parties was abolished (López Maya and Lander, 2000).

Justicia). In Peru, in contrast, the Public Defender's appointment was delayed until 1996, but enjoyed high public confidence (Youngers, 2000 p26). In both cases the reduction of Congress to one chamber and in numbers was seen as being a reduction in democratic accountability (Youngers, 2000; Buxton 2001).

Finally, with regard to the Armed Forces, as we have seen Fujimori became the only public representative with power of appointment over the military, allowing him and Montesinos to monopolise that institution. Similarly in Venezuela, the President became responsible for all promotions from colonel or naval officer upwards, and thus the only elected representative with power over the Armed Forces, as well as being Commander in Chief. Promotions, therefore, rested exclusively in the hands of a party leader and thus a single political group, promoting alliances between that grouping and the Armed Forces (Alvarez, 2003).

Furthermore, in Peru the military participated to an "unprecedented degree in government decision making...accompanied by a weakening in the institutional prerogatives of the military" (Mauceri in Youngers, 2000 p46). Corruption became notorious, especially in narcotics and arms running, and most of it controlled by Montesinos (Obando, 2002). The military maintained their control of the so-called emergency zones throughout most of the nineties (Youngers, 2000 p48).¹⁸⁹ In Venezuela under Chávez, on the other hand, ordinary soldiers have been given the vote and take part in highly publicised developmental schemes, such as Plan Bolívar, and the running of popular markets. Higher-ranking officers are put in charge of important ministries or state agencies, such as the Economy Ministry and the national oil company, PDVSA (Manrique, 2001). In both countries there has been increased influence and politicisation of the military, but in the Venezuelan case the Armed Forces are involved primarily in developmental roles, while in Peru the emphasis was on policing and security. The Venezuelan model, therefore, emphasises peacetime

¹⁸⁹ See note 6 above for more information on the nature and extent of these zones.

uses of military skills and experience and de-emphasises differences between the military and civilians.

Military corruption exists in both countries, but in Venezuela corruption is mostly in the public sector, and therefore given the political will, could more easily be made accountable, while in Peru it was in the illegal economy of drugs and gun running. Another important difference is that Chávez acts as the chief link between the civil and military establishments, whilst in Peru, Montesinos, an unelected person with no official state capacity and therefore with no public accountability, acted as that nexus. Nonetheless, in both cases according to many analysts there is extreme politicisation of the Armed Forces and evidence of schisms, endangering institutionality (Obando, 2001; Manrique, 2001; Norden, 2003).

Tanaka (2001) expresses the opinion that the authoritarian dynamic pursued by Fujimori after 1995 was likely to be repeated by Chávez after his election triumph in 2000 (p52). Whilst there are some similarities in the authoritarian dynamic of both presidencies, in the Venezuelan case there was a clear will on the part of the government to have existing institutions replaced by new ones, however imperfect they may be (Buxton, 2003). In Peru, in contrast, much legislation encouraging deinstitutionalisation was by presidential decree and there was a marked reluctance to install many of the institutions required by the 1993 Constitution. The impartiality and effectiveness of institutions in Venezuela is questioned, but they do not act as blatantly in favour of the government as Peruvian institutions did for Fujimori. The Peruvian Congress, after April 1992, rarely rejected a presidential decree, whereas the Venezuelan government has repeatedly seen proposed legislation hotly contested in the National Assembly, and rarely put through by decree.

There are a number of reasons for this. First, there is a higher degree of institutionality in Venezuela, and its democracy has longer and deeper roots than that of Peru. Second, there is now less tolerance of authoritarian regimes, particularly those founded on coups, giving local opposition to authoritarianism

greater international support. Finally, the Venezuelan opposition is much stronger and persistent than that which faced Fujimori. The dire emergency which Peru found itself in when Fujimori came to power, with terrorism, hyperinflation, and economic collapse threatening the very viability of the State itself, gave Fujimori much leeway with the Opposition, the Peruvian people and the international community. Venezuela too faced severe crisis when Chávez came to power, but not to the same degree as Peru did in the 1980s and 1990s, particularly with regard to the Sendero war, thus the President has not had *carte blanche* to do as he pleases.

The Venezuelan opposition has shown a clear ability to keep checks on the government and impede its ability to fully implement its agenda, and therefore has a crucial role to play in advocating the impartiality of public institutions. One example from each country will illustrate this case: In Peru in June 1995 an Amnesty Law was passed exonerating from prosecution all officials, military and civilian, involved in the fight against terrorism. However, a judge decided that those accused of the Barrios Altos massacre (see below) could be tried because this crime infringed international human rights treaties. The government therefore promulgated a new law in Congress a few days later overturning the judges decision. Those accused were released immediately (de Belaunde, in Crabtree and Thomas, 1998 p186). What is remarkable is the speed and ease with which the government solved the problem from their point of view. In Venezuela on the other hand, in August 2002 the TSJ (Supreme Court) handed down a judgement stating that the military officers involved in the April 2002 coup were not liable for prosecution (*antejuicio de mérito*). There was consternation amongst pro-government supporters and in the government. Chávez declared that the decision was an "insult to the Venezuelan people" and government deputies in the National Assembly (AN) announced a special commission to investigate the "quality and quantity" of work of the TSJ. However, due to opposition pressure the commission's work was delayed and until now no changes were introduced to the TSJ until 2004 nor were these

military officers re-arrested (Provea, 2002; Derecho a la justicia). While both are examples of interference in the work of the judiciary, the ease with which Fujimori got the decision changed shows the much stronger position he found himself in vis a vis other institutions. The difficulties due to opposition pressure for the Chávez government in changing a decision in favour of officers who had briefly overthrown it, illustrates the strength of the opposition in Venezuela, and the reluctance of important institutions to work totally in favour of the government

The difficulty, however, is that by using a zero-sum strategy in insisting on the removal of Chávez from office as the only remedy to Venezuela's difficulties, and promoting and using unconstitutional means to achieve that aim, further polarisation and politicisation of these institutions has been created, making it even more difficult to ensure their impartiality. For the Fujimori government, the difficulty in providing impartial institutions, from its position of almost unassailable strength, was the danger in revealing the criminal nature of many of its actions, such as its involvement, through Montesinos, in gun-running, drug trafficking and money laundering. For the Venezuelan government, involved in a hegemonic struggle against powerful adversaries, ensuring impartiality would be tantamount to surrendering power. However, various actors on both sides in Venezuela accuse institutions of partiality simply when they do not act in their favour; and an example of this is the TSJ (Supreme Court) and the CNE (Electoral Council) which have issued judgements in favour of or against both government and opposition. Finally, the position of the Armed Forces in Venezuela indicates an attempt on the part of the government to construct an innovative and more open approach to the perennial Latin American problem: Armed Forces involvement in politics. This involvement, however, is to a great extent dependent on the office of the president, thus providing that office with greater centralising powers, and it is said, encouraging further politicisation of the Armed Forces.

5.5.3 Human Rights

Human rights in Peru and Venezuela during the presidencies of Fujimori and Chávez are similar in an important way in that both developed in a context of conflict and struggle; however, the natures of these conflicts are radically different. On the one hand, the conflict in Peru was between a leftist subversive guerrilla organisation, Sendero Luminoso, working from outside the State, with no institutional or sectoral support (although with initial popular support in some areas), to undermine and destroy the State as it stood.¹⁹⁰ In Venezuela, on the other hand, the conflict is between the national government, controlled by Chávez and his political movement and allies, and the opposition, composed of most of the business, trade union, media, cultural, religious and academic sectors, elements of the Armed Forces, and an ideologically diverse group of political parties and movements, some of them in control of a number of regional, metropolitan and municipal government apparatuses, including their police forces.¹⁹¹ The threat to the central government in Venezuela consequently comes from both within and outside the State and seeks to take control of the State and its structures, mostly through peaceful, though not always legal, means. Therefore, human rights in the Peruvian case developed in a context of violent struggle, indeed war, especially during the earlier Fujimori years, and were consistently abused by both sides. In Venezuela, however, human rights have developed under Chávez in a context of mostly peaceful hegemonic struggle between two nearly matched opponents, both of whom use the concept as an essential but contradictory element in their discourse.

¹⁹⁰ Sendero Luminoso (Shining Path) are a Maoist splinter group of the Communist Party of Peru who took up arms against the Peruvian State in 1980. The guevarista Movimiento Revolucionario Tupac Amaru (MRTA) also launched a war against the Peruvian state, but they were not as effective or as active as Sendero.

¹⁹¹ Venezuelan police forces are organised on a regional, metropolitan and district basis, while national security is handled by the central government-controlled National Guard and other specialist police forces such as the political police DISIP and the CICPC, the forensic police.

Human rights violations in Venezuela as a result have not been as severe as those in Peru, although this does not signify their absence.¹⁹² In Peru, during the war against Sendero Luminoso, Peruvian citizens, especially those living in the poorest areas of the country, suffered drastic curtailments of their human rights. Draconian anti-terrorist laws were passed by all of the democratically elected governments since the restoration of democracy in 1980. Fujimori intensified the draconian tendencies of the State, especially after the autocoup of April 1992, providing the security services, especially the Armed Forces with the legal means that they had always demanded to deal with the insurgency as they saw fit, with little regard for formal legal proceedings and minimum guarantees.¹⁹³ In 1992 alone, the year of the autocoup, 3,101 people died in violence of which 42% were the responsibility of the Armed Forces; there were 286 reports of forced disappearances and 114 extra-judicial executions.¹⁹⁴ The Fujimori government has been accused of involvement in a number of notorious massacres of innocent civilians, and of torture. Chief among these are the kidnappings, torture and assassinations of 10 students and a professor of the University "La Cantuta" on the 12 September 1992 and the massacre of 15

¹⁹² The most notorious human rights violations in recent Venezuelan history was the repression of the Caracazo on 27/28 February 1989 leading to the deaths of anything from 400 to 3,000 people (see below). For information on these events and other cases of human rights violations in Venezuela see Cofavic website <http://www.cofavic.org.ve/>

¹⁹³ According to ANIL (2002) Fujimori installed the "tribunales sin rostro" (faceless tribunals) authorised sentencing in absence, defined criminal conducts which were unclear and open to interpretation, establishing a secretive and summary procedure to judge these crimes etc. As noted in the previous section, large areas of the country were put under the rule of the security forces, led by the Army (see note 7 above) (pp.1–2). It has been estimated that total deaths during the conflict (1980–1995) at the hands of both Sendero and the Security Forces amounted to 30,000 people, with 4,236 people forcibly "disappeared" by security forces, 600,000 displaced and around 2000 innocent people incarcerated of which 546 have been liberated (<http://www.cverdad.org.pe/>; Cuya, 1999; ANIL, 2002). Obando (2001) points out that violations of human rights were greater during the Belaúnde and García administrations than under Fujimori, however it appeared otherwise as sections in the military opposed to the Fujimori government made these violations more visible (p294). For information on human rights violations under Fujimori See <http://www.derechos.org/nizkor/peru/informes.html> and www.wola.org/andes

¹⁹⁴ See Coordinadora Nacional de Derechos Humanos/ CNDDHH (no date) Action Memo: Fujimori Extraditable at http://www.wola.org/andes/Peru/background_memo.pdf downloaded 25/06/03.

people at a dinner in Barrios Altos in November 1992.¹⁹⁵ Impunity for state agents was assured by a systematic passing of a series of laws, which resulted in the colonisation of the judicial system and the exclusion of the security forces from any possible court action.¹⁹⁶ Chief among these was Law 26479, passed in June, 1995 which explicitly excluded from prosecution for human rights abuses those who were involved in "the struggle against terrorism" from 1980 onwards.

Under Chávez, flagrant violations of human rights of a violent nature, specifically due to the actions of national security agencies under the control of the central government are not as numerous, nor as co-ordinated, as in Peru under Fujimori. Provea (2003; Derecho a la vida) reports that 23 cases or 13.1% of deaths due to security forces were the responsibility of central government security agencies. Cofavic and Provea, for example, highlight the long-standing problem of extra-judicial killings by mostly regional police forces, many of them under opposition control.¹⁹⁷ Liliana Ortega of Cofavic (Socorro, 2003) asserts that there were 55 deaths and 300 injured due to political violence between April 2002 and April 2003 "which is without precedent in Venezuela". While many of these deaths may not be the direct responsibility of the central government, she maintains that it obviously has a responsibility to ensure prosecution of those responsible and to devise strategies to prevent such deaths recurring. For Ortega, it is this impunity which is the chief obstacle to human rights and justice in Venezuela: "There is great impunity in Venezuela because there is an

¹⁹⁵ See Coordinadora Nacional de Derechos Humanos (CNDDHH) (no date). Many of those who suffered at both the hands of the state and Sendero were working in community organisations spawned by the once vibrant Peruvian left. The best known and most emblematic community leader assassinated by Sendero was Villa El Salvador mayoress María Elena Moyano. She was shot by Sendero at a community function on the 15 February 1992. Sometimes, however, deaths attributed to Sendero have since been blamed on the SIN, such as the assassination of the then Secretary General of the CGTP, Pedro Huilca Tecse on the 18 December 1992.

¹⁹⁶ See CNDDHH (no date A) "Las leyes que destruyeron el Estado de Derecho" p.10.

¹⁹⁷ Police forces alleged to have been involved in shootings of demonstrators were the opposition-controlled Metropolitan, Baruta and Chacao police forces, and the government-controlled Libertador police force (Policaracas). Provea (2002;Derecho a la vida) identified 175 cases of extra-udicial killings in the period October 2001 to September 2002, a decrease of 27.4% from the 241 registered in the previous year.

institutionality which permits it, which tolerates it, which promotes it. It is for this reason that investigations into crimes do not bring results" (Socorro, 2003).

One of the most notable cases of deaths blamed on the central government, and specifically on Chávez were those which took place during the large opposition march on April 11 2002, when 19 people lost their lives and over 100 were injured (Provea, 2003; *Las muertes de abril*). In the following days, 73 more people lost their lives before the restoration of Chávez to the government (ibid.). The Opposition presently claims that those who died were "their deaths", and that these in their totality were due to President Chávez.¹⁹⁸ There is evidence and allegations, however, that shooting came from both sides and the government has so far failed to find those responsible for the deaths (ibid.).¹⁹⁹ Provea also points to incoherence on the part of the opposition in its discourse on human rights. During the 48 hours in which the opposition was in power, under Pedro Carmona, between 11–14 April, the *de facto* government committed various human rights abuses, including extra-judicial killing, unauthorised detentions and torture.²⁰⁰ Clearly, both government and elements of the opposition use human rights for discourse purposes, but contradict this discourse in practice.

¹⁹⁸ For an opposition account of the coup and its aftermath see Tablant, C (2002). For the government perspective see Asamblea Nacional (2002). For a theoretical discussion on the nature of the coup see Rey (2002).

¹⁹⁹ Control of the National Guard was unclear at that moment, as some senior officers of that force were involved with or sympathetic to the coup. Armed civilians from both sides were also alleged to have been shooting at demonstrators, and those who died were from both the opposition and the government sides (Provea, 2003). Venevision TV repeatedly showed a video clip of government supporters, among them MVR councillor Richard Peñalver, allegedly shooting at demonstrators. However, a documentary by O'Briain and Bartley (2002) showed that there were no demonstrators within range of their guns, suggesting rather that they were shooting defensively as the accused claim. See also Lemoine (2002a). See *El Nacional*, pp.s. C/6 and C/7, 13 April, 2002 "Mal número, 14 fallecidos" for political affiliation of some of the victims on 11 April.

²⁰⁰ The Carmona government according to Provea (2003 *Las muertes de abril*) used "classical practices of dictatorships: political persecution and torture for political reasons, prisoners of conscience, closing of media outlets and a repression of a number of demonstrations which exceeded the daily average of the last eight years (...). It is a paradox that a large part of those who organised, facilitated and elaborated the coup, had formulated legitimate criticisms of the Chávez government, for the same rights and principles that the government of Carmona ended up violating in a most radical manner".

In Peru, the central government of Fujimori had an almost total control of the resources of the State, with a centralised police force and the Armed Forces firmly under its control, operating a systematic policy of human rights violations, and institutionalising impunity for those responsible. In Chávez's Venezuela, on the other hand, the government has not managed to achieve full control of State resources, particularly the monopoly of force, which is dispersed among a divided Armed Forces, government-controlled centralised security corps and many opposition-controlled police forces, and paramilitary groups which may exist on both sides of the conflict. Human rights violations in Venezuela are characterised by two fundamental contextual points: (i) a hegemonic struggle between a central government and an elected and non-elected opposition with its own popular and structural power base; and (ii) the use of human rights as a central discursive pillar of that hegemonic struggle which neither side fully translates into effective policy. Both sides of the conflict have been responsible for human rights violations, though ultimately it is the government's responsibility to ensure that those responsible are brought to justice. Impunity is a result of government inaction and a historically defective institutional system, and both sides of the conflict have benefited from it. The opposition, with many allies in the international community is constantly and actively vigilant in identifying, publicising and repudiating any human rights violations on the part of the national government. The opposition, however, does not highlight those cases that have been the responsibility of anti-government elements, and immediately blames the government for all victims without hesitation.²⁰¹

The Venezuelan government has grave responsibilities with regard to human rights violations, but it has not violated human rights, nor is it currently capable of doing so, to the same degree nor with the same consistency or purpose as the Fujimori government. There are structural commonalities, such as the tendency to impunity, which were exacerbated by actions and/or inaction of

²⁰¹ See Villegas Poljak, 2003.

both governments. Nonetheless, the degree to which human rights abuses took place in Peru must be put in the context of the magnitude of the security emergency which faced the Fujimori government on coming to power, not to mention the human rights abuses of previous democratic regimes. Chávez did not face the challenge of a vicious guerrilla war, thus it is difficult to measure the extent of human rights abuse between both governments equitably. However, it is debatable if the human rights abuses Chávez has been accused of are any greater than those perpetrated by previous Venezuelan governments and indeed sections of the Opposition.

5.5.4 Media freedom and the right to information

Freedom of expression and the freedom of the press are often placed together as synonymous, yet as Lichtenberg (2002) argues they can sometimes be contradictory. Free speech entails that people are able to communicate without interference and that there are many people communicating, or at least many ideas and points of view being communicated (ibid. p176). The autonomy of editors, publishers and media owners, however, is often in reality a property claim disguised as a claim for free speech (ibid. p181). What is important for freedom of speech is the "multiplicity of ideas and sources of information", while other considerations such as non-interference are secondary (ibid.). Habermas (2000) describes an ideal type "public sphere" as a realm of social life where the exchange of information and views on questions of common concern can take place freely so that public opinion can be formed, and consequently policy and society as a whole can be developed. In other words, free expression and a diversity of voices are necessary to allow the public to inform itself freely and thus take an active part in public debate and policy formation. Yet in Fujimori's Peru and in Chávez's Venezuela the situation according to many critics is far from this paradigm and much closer to the "propaganda model" of Herman and Chomsky (1994 p2). This model contains the following "...essential ingredients

[...] or set of news 'filters' [...]: (i) the size, concentrated ownership, owner wealth, and profit orientation of the dominant mass-media firms; (ii) advertising as the primary income source of the mass media; (iii) the reliance of the media on information provided by government, business, and 'experts' funded and approved by these primary sources and agents of power; (iv) 'flak' as a means of disciplining the media; and (v) 'anticommunism' as a national religion and control mechanism. These elements interact with and reinforce one another" (ibid.). The Venezuelan and Peruvian media broadly follow these "ingredients" with some modifications to reflect local conditions.

It is not uncommon for Fujimori and Chávez to be compared in terms of attacking freedom of expression and freedom of the press.²⁰² However, while many of these reports provide quite accurate information, they often do not provide a broader context from which to judge the behaviour of the media. The main point of comparison between Peru and Venezuela is the media's colonisation by sectors dominated by or sympathetic to a specific political identity. In both cases there has been collusion between media sectors and business sectors. A crucial difference, however, is that in Peru the coloniser was the Fujimori government, and its particular brand of neoliberalism, while in Venezuela it is mainly sectors opposed to the Chávez government, many of which promulgate a pro-US, market-reform, liberal democratic agenda.

A second difference was the more autonomous role of the media in opposition campaigns in Venezuela, as opposed to the direct interference of state

²⁰² The Inter American Press Association has been critical of both the Fujimori and Chávez governments with respect to freedom of expression. Concluding a visit to Peru in February, 1999 the IAPA reported that there were "serious threats to the liberty of the press in Peru" from the Peruvian government (IAPA, 1999) Daniel Arbilla of the AIPA, concluding a visit to Venezuela, compared Fujimori and Chávez in the way both used "subtle dubious legalities to intimidate the media and limit freedom of expression" (AFP-AP; 2002). The IAPA (2003) similarly states that there is "no press freedom [in Venezuela]" and emphasises "the impunity that protects attacks against journalists and the media". See also Human Rights Watch (1999) and (2000) for Peru and Vivanco, 2003 for Venezuela. See Reporters Without Frontiers (2000) for Peruvian General Election and Venezuela Annual Report (2003). See also Bourgeat (2003).

agents in media output in Peru.²⁰³ In both cases, however, collusion results in a *willing* ideological colonisation, characterised by five strategies used mostly in favour of the coloniser, but sometimes against it by some sections of the media:

1. discrediting the adversary by using disqualifying, insulting language and/or inaccurate and misleading information;
2. distorting or withholding of information;
3. the use of abundant cascades of propaganda;
4. international campaigns in supranational organisations; and
5. economic pressures and physical intimidation.²⁰⁴

Shortly into Fujimori's first term, the media in Peru got a reminder of old-style authoritarian control strategies. During the April 1992 self-coup the Armed Forces raided and occupied newspapers, newsmagazines, television and radio stations as well as foreign press agencies, detaining journalists and influencing and censoring content (Wood, 2000). After the autocoup the Fujimori government withdrew such tactics and instead began a campaign of "economic harassment" of the media using the tax agency (SUNAT), import duties on paper and government advertising as implements to ensure conformity with government policy (ibid.). Fujimori therefore "combined neo-liberal economics and close relations with the military to bring about the management of information" (ibid. p32). Conaghan (1996) reports that in general the Fujimori

²⁰³ This difference is attributable in part to the greater experience of the Peruvian press of authoritarian management of the media under Odría and Velasco (Wood, 2000). The Venezuelan media had relative autonomy during the Punto Fijo period, played an important role in the democratic game, and was fiercely critical of the political system during much of the time previous to the Chávez presidency. Punto Fijo Venezuelan politics was essentially mass media politics and the media was little accustomed to Peruvian style authoritarianism (Alvarez, 2001 p88).

²⁰⁴ As we shall see in the case of Peru the government used the first, second and third strategies against the opposition. In Venezuela both opposition and government use these strategies, but as the opposition has greater presence in the media its use of them has been much more effective. The opposition in both Peru and Venezuela has used the fourth strategy to discredit the government. And finally the fifth strategy has been used by the government in Peru and Venezuela against the opposition and, to an extent by the Venezuelan media against the government.

government ignored the little investigative reporting that took place against its policies. "Political scandals are revealed by the press, abuses are denounced by the opposition, and policies are challenged. But much of this political discussion is either ignored by authorities or 'processed' by institutions in ways that do not fundamentally resolve or clarify issues..." (ibid. p3). The end result of these strategies was a climate of self-censorship becoming predominant throughout the media, with only a few exceptions showing independence.²⁰⁵ Most of the television channels were actively or predominantly pro-government, especially América Television, Frecuencia Latina and Panamericana, as well as the state-owned Channel Seven.²⁰⁶

The Peruvian media during the Fujimori period displayed most of the "filters" of Herman and Chomsky's propaganda model. The emergence of the so-called *vladivideos* at the end of the Fujimori regime revealed the personal and financial connections between media proprietors and people in or involved with the government, especially Montesinos (filter 1).²⁰⁷ The Peruvian media, as seen above, were receivers of 'flak' (filter 4), and were dependent on government advertising and wary of losing private advertising due to government pressure (filter 2).²⁰⁸ Furthermore Conaghan (1996) reports that 42% of television news content consisted of pronouncements and activities of government officials (filter 3) (pp.16–17). Sustained campaigns of vilification of prominent media or

²⁰⁵ Such as left of centre tabloid *La Republica* and popular tabloid *El Popular*. "Quality" newspaper *El Comercio* was also known for its professional ethics and a certain editorial independence (see Fowks, 2000 p111).

²⁰⁶ Frecuencia Latina belonged to Israeli/Peruvian businessman Baruch Ivcher, who allowed some challenging investigative journalism during his management, until the government stripped him of his Peruvian nationality and transferred ownership of the channel to the Winter family in 1997. Fowks (2000: 50-59) shows that many of those in control of media were linked financially and ideologically to the government, such as the Winter brothers.

²⁰⁷ *Vladivideos* are a library of thousands of video tapes recorded secretly by the president's "assessor" and de facto head of the SIN, Vladimiro Montesinos, showing prominent politicians, media owners, business people and even entertainers receiving bribes in exchange for favours. When the first of these videos came to light, showing prominent opposition congressman Alex Kouri receiving a bribe to pass to the government benches after the 2000 elections, this led to Fujimori's flight to Japan and subsequent removal from office by Congress.

opposition personalities, or in favour of particular government policies, were often developed. The intention of these campaigns was to instil a fear of a return to terrorism and hyperinflation in effect the Peruvian equivalent of Herman and Chomsky's (1994) fifth filter, the use of anti-communism as a control mechanism (pp.29–31).

Lugo and Romero (2003) argue that during the Punto Fijo era in Venezuela there was a media–state pact of "symbiotic dependence", and the 1998 election was fought under its rules.²⁰⁹ That pact fulfilled to a large degree Herman and Chomsky's propaganda model, and the Venezuelan media still operates under its parameters. Media outlets are owned by "wealthy families with serious financial stakes in defeating Chávez" (Klein, 2003).²¹⁰ Furthermore, these families owe their wealth and its continuance to a system that closely interlocks them into business and political circles through reliance on government subsidies and advertising, and private sector advertising from companies who often are equally reliant on the State for support (filter 1; filter 2). During the Punto Fijo era the media was the stage on which political discourse was played out, giving it a crucial role in the political process, but one particularly dependent on political and state actors for news (filter 3). Furthermore, there were few actors of any weight who were not involved with the pacts which constituted that political arrangement. 'Flak' was sometimes used by the government to keep the media in line: Presidents Carlos Andrés Pérez, Rafael Caldera, and Jaime Lusinchi all used State instruments or outright censorship to discipline the media (filter

²⁰⁸ 23.18% of all advertising revenue came from the government and the government made attempts to dissuade private companies to advertise with opposition media (Youngers, 2000 p65).

²⁰⁹ The pact gave preference to non-national economic groups and non-traditional players where each change of regime would mean a restructuring of media ownership to reflect the interests of each regime. Under Punto Fijo both agents of power – state and media – would recognise their influence and limitations in a symbiotic relationship that established undeclared but very tangible rules and boundaries that would reflect the relation that the political parties had with the economic elites, thus maintaining stability (Lugo and Romero, 2003 pp.20-21).

²¹⁰ The Cisneros Group has important business in beer, bread and telecommunications and is one of the wealthiest companies in Latin America. Klein (2003) notes that the Cisneros Group are deeply involved in franchise agreements with important US companies such as AOL, Coca-Cola and Pizza Hut, and is fully committed to free trade and globalisation.

4).²¹¹ Finally, anti-communism was a trademark of the Punto Fijo pact and this was reflected, and still is reflected, in the media (filter 5).²¹²

The relationship between the media and President Chávez of Venezuela initially was ambivalent. Buxton (2001) claims that in the run up to the 1998 elections "the large and oligopolistic Venezuelan media groups had transferred their allegiances to Chávez" (p31); however, Lugo and Romero (2003) state that the media "maintained the appearance of objectivity and rarely manifested openly its partisanship" during this period (p6) and Villamediana (2000) shows that much of the coverage was very hostile to Chávez.²¹³ Chávez on assuming power broke the "symbiotic" pact referred to in Lugo and Romero (2003) and quickly tried to implement his own agenda. Chávez's confrontational discourse with the main organisations of entrepreneurs and business, such as Fedecameras, and against the media itself, as well as government inability to supply advertising and subsidies as traditionally done, led the media to abandon any attempt to find compromise with the government and eventually seek its downfall. As there was no unified approach from opposition sectors on how to overthrow Chávez, nor on whom or with what model to replace him, the media became a space for consensus seeking amongst the opposition, and not between government and opposition as it had hitherto acted. Confrontation, rather than consensus, has become the political language of the day, and the media has placed itself in the front line of that battle against the Chávez government. The

²¹¹ See Lugo and Romero (2003) p40 notes 56 and 57.

²¹² Betancourt was particularly unsympathetic to the Castro government of Cuba.

²¹³ Villamediana (2001) in his study of the 1998 election media coverage states that "the most attacked candidate throughout the campaign was without doubt *Comandante* Chávez, who was the centre of harsh criticisms on the part of his detractors, amongst which the most repeated were: authoritarian, dictator, antidemocratic, bloody, incapable, amongst others" (p84). Broadsheet *El Nacional*, television channel *Venevisión* and to an extent *Televen* supported Chávez however. Broadsheet *El Universal*, and television channels *RCTV* and *Globovisión* supported the opposition. Chávez became quite close to *El Nacional* proprietor Miguel Henrique Otero, and his wife and co-owner of the newspaper, Carmen Ramia, who briefly became head of the Central Office of Information in the first Chávez government. *Venevisión* owner Gustavo Cisneros, also became quite close to Chávez, and the introduction of the telecommunications law benefited Cisneros as his business owned the biggest mobile phone company in the country, Telcel (Lugo

media indeed has become "a counter revolutionary element" in the process of the hegemonic power struggle of *Chavismo* against the establishment (ibid. p30).

The Venezuelan media therefore have gone through three stages in its relationship with Chávez: (i) balance; (ii) hostility; and (iii) seditious rebellion. In the final stage the media have twice played key parts in combined business, opposition and trade union efforts to overthrow the Chávez government. During the April coup the media created a climate of intolerance and instability through non-stop broadcasts of opposition mobilisation and incessant negative commentaries on the behaviour and personality of President Chávez and his government with sometimes little regard for veracity or fact.²¹⁴ It took an overwhelmingly partisan role in the coup, obstructing the government and its supporters from making its case and blacking out news of the governments return to power.²¹⁵ The de facto government of Carmona meanwhile closed community radio stations, arresting and torturing some of their workers. "The Venezuelan population saw their right to receive information violated [...] and the spokespeople of the constitutional government and sectors which demanded the restitution of the rule of law saw their right to express themselves broken"

and Romero, 2003 p7–8) In both cases, however, these friendships were to turn to deep-seated antagonism.

²¹⁴ On the non-stop coverage of opposition marches during the coup see Provea (2002). On the lack of rigour of the media examination of role of media in coup see Lemoine, 2002. For insults to the president see BPV (2003); this organisation represents most media owners in Venezuela, and has compared the government of President Chávez to the "sordid Cuban tyranny" and "well known pseudo-popular tyrannies - Hitler, Stalin, Mussolini - which have bloodied our hemisphere [sic]" see (BPV 2003)

²¹⁵ A press conference called by Attorney General, Isaias Rodriguez was hastily taken of the air when he began to denounce the action as a coup (González Plessmann, 2002 p19). The de facto government of Carmona closed down the state television station VTV, community radio stations such as *Radio Catia*, and many of their workers were arrested and some tortured. Provea (2002) reports that apart from the closing of VTV, five community stations were raided, three journalists detained and one of them tortured. There was a blackout on news of pro-government demonstrations resulting in demonstrations outside some television stations demanding that the truth be shown, and the resignation of some media staff. See González Plessmann (2002 p20). For example Andrés Izarra, Chief of Information at RCTV. See Bourgeat (2003 p5) and Provea (2003) and O'Briain and Bartley (2003). A satellite relay DirecTV (owned by the Cisneros company) stopped the signal of Colombian satellite station Caracol as it began to broadcast the return of Chávez live from the Presidential palace (Provea, 2003). Newspapers, excepting *Ultimas Noticias*, did not publish on Sunday 14 April, after Chávez's return to power, continuing the news blackout (fieldwork observation).

(González Plessmann, 2002). Such strategies continued or were amplified during the so-called *paro cívico* or lockout/strike led by Fedcamaras and the CTV from December 2002 to early February 2003.²¹⁶

The government and/or its supporters, however, have also done their part to limit freedom of expression and the right to information. Attacks on journalists, leading sometimes to death, bombings of newspaper offices, verbal attacks on the media by the President, accusations of criminal misdeeds of individual journalists by state media agencies, and an abusive use of mandatory state broadcasts, are among the strategies used by the government or pro-government factions to limit freedom of expression.²¹⁷ Like in Peru, little notice is taken of public concern on major issues. Nonetheless these justified complaints must be put into the broader context of contemporary Venezuelan society to be understood properly. Between 30 to 38% of Venezuelans support Chávez, according to a privately owned polling company, Consultores 21 (*ibid.*) yet this statistically important group of people do not see their views being reflected in

²¹⁶ Bourgeat (2003) reports on the private media operating as a cartel and exchanging footage, providing non-stop reports of opposition protests (pp.5–7). Simultaneous live transmission was provided every evening of strike leaders and opposition press conferences. Commercial advertising was replaced entirely by pro-opposition spots urging the population to take part in demonstrations and protests, including non-payment of taxes. According to government estimates the television stations broadcast an average of 700 pro-opposition advertisements every day during the strike (Klein, 2003). Even when some normal programming was resumed, split-second subliminal pro-opposition messages were inserted into films and children's entertainment (Villegas Poljak, 2003).

²¹⁷ Provea (2002) registered 115 cases affecting the liberty of expression during the period October 2001 to September 2002, including the death of journalist Jorge Tortoza killed on an opposition demonstration on the 11 April; five explosions outside media building; verbal threats including on numerous occasions on the media and opposition by the President himself such as "enemies of the people" "traitors", "coup-supporters", "saboteurs" "fascists" and "terrorists" (Bourgeat, 2003 p9). During the weekly broadcasts of *Aló Presidente* on state television and radio Chávez attacked the press in 133 out of 136 of these broadcasts (Provea, 2003). Government news agency accused four well-known anti-government journalists, Patricia Poleo, Marta Colomina, Jose Domingo Blanco and the above-mentioned Pacheco of being "narco-journalists" (*op. cit.* p10). Between 1999 and February 2002 there were 357 *cadenas*, (government broadcasts enforced on private broadcasters) according to AGB Panamericana de Venezuela, a television ratings company (*ibid.* p9). The government also provides in VTV, a television service entirely dedicated to reporting favouring the government (*ibid.*).

the media, and are indeed regularly insulted by it.²¹⁸ Some of the journalists, who have been particularly targeted with attacks, are also suspected of having participated in the coup, and in general of conducting a sustained and legally questionable campaign against the government.²¹⁹ Nevertheless, most journalists are caught in the crossfire between media owners and government, although some of the more prominent anti-government journalists are in reality political actors, such as Patricia Poleo.

Yet, despite frequent calls to the military to intervene, seditious activities, suspected violent activities, and campaigns of misinformation no journalist or media worker has been put in prison, nor has the government until recently used any of its considerable power over the media to give it 'flak'.²²⁰ While many journalists have suffered attacks, these have been on both sides and could be seen as victims of the profound political polarisation found in the country, which has been contributed to substantially by the government, especially Chávez, but also by the media and opposition. Furthermore it has been demonstrated that the opposition too is capable of subterfuge and violence. It is not beyond speculation that opposition sympathisers intent on discrediting the government

²¹⁸ Supporters of Chávez are regularly referred to as "hordes" and the pro-government Bolivarian Circles as "terror circles" (RSF, 2003 p15, quoting government Minister Nora Uribe).

²¹⁹ For Pacheco's role in coup see Lemoine (2002) Pacheco reporting false information against the government (Ali Rodriguez, head of PDVSA) see O'Donoghue, P (2003). On Poleo's role in the coup see Poleo (2002) and on making false paramilitary videos see Villegas, (2002). Colomina broadcast the location of government officials and those linked to the government as she celebrated the coup against Chávez along with fellow broadcaster Cesar Miguel Rondón on Union Radio (fieldwork observation). Colomina also has described the ruling party parliamentarians as "ridiculous", the government as "farcical" and its political programme as a "third rate revolution" (RSF, 2003 p16, quoting government Minister Nora Uribe). The Bloque de Prensa Venezolana (BPV) regularly refers to the Chávez government as "castro-communist". See for example BPV (2003, 2003a and 2003b)

²²⁰ Reporters Without Frontiers pointed out, referring to the coup, that the private media "paradoxically [endorsed] a government which in just 48 hours carried out a more draconian crackdown on the pro-Chávez press than anything Chávez had ever done to the privately-owned press" (RSF, 2003;5). On recent Government measures against media see (González Plessmann, 2003 p5). Law of Contents and Social Responsibility See Vivanco, 2003 for criticism; Asamblea Nacional, (2003) for text.

could have perpetrated some of the more prominent attacks on journalists and media outlets.²²¹

As pointed out above, the use of the media in both Peru and Venezuela is much closer to Herman and Chomsky's propaganda model than Habermas' concept of the public sphere. However, this section also shows that the propaganda model can be utilised just as effectively against a government as it can in its favour, as can be clearly seen in the case of Venezuela. Both cases also show us that media proprietors may in some instances prioritise their own interests, both financial and power-based, before any considerations of media independence or concepts of truth, and can ally themselves with whichever power sectors best serve those interests. In both these cases the media has shown considerable autonomy of movement, despite a certain dependence on external powers, and is not, therefore, as helplessly subject to omnipotent authoritarian rulers as is sometimes supposed. The media in Venezuela has taken an autonomous decision to participate in opposition campaigns against the government, and in Peru media owners entered freely into negotiations with Montesinos for their own financial benefit, but also because of the close ideological and personal relations between business and government. In this context the repeated protests of the Venezuelan media over threats to freedom of expression are indeed, as Lichtenberg (2002) states, examples of calls for the protection of property and privilege.

However, judging by many of its actions, the Chávez government would perhaps, given the opportunity, take advantage of the propaganda model. Nevertheless, this is not, nor can it be, the case in Venezuela at the moment, as

²²¹ The coup itself is evidence of opposition subterfuge with media co-operation, as is Poleo's involvement in the coup and in the Comacate video. Large caches of arms were found in the house of prominent business man and coup supporter Issac Perez Recao (see Palacios 2002a). Police investigations have revealed that the shooting of three demonstrators at a pro-opposition rally in support of dissident military officers occupying a public square in Caracas was organised by persons linked to those officers. Bombs outside the Spanish and Colombian embassies and the deaths of three soldiers linked to these officers were also suspected to be the work of this group. All these crimes were prominently blamed on the government by the media and few covered the results of police detective work. See Villegas Poljak, (2003) and Últimas Noticias (2003).

the conditions do not exist. If anything, what is illustrated here is not the perniciousness of government, but the inherent characteristics of the propaganda model, which in the end serve the interests of the powerful against those of the public. The ultimate effect of the strategies outlined above, is the relativisation of truth, creating a situation of confusion, mistrust and even ungovernability, and thus effectively compromising the public's right to accurate and reliable information, and the quality of democracy operating in each country (Ramonet, 2002).

5.5.5 Associational autonomy

The arrival of Fujimori, and especially the implementation of his shock economic programme, deepened the crisis in social movements already gravely weakened by the cumulative effect of years of economic crisis, the Sendero war, and the decline of the left (Roberts, 1998).²²² Popular organisational energies were diverted from public demands for incorporation to private strategies for survival. Formal employment, especially industrial and mining employment, once the stronghold of the union movement, reduced sharply during the García and Fujimori presidencies. The April 1992 autocoup, the high legitimacy of the Fujimori government, and the weakness of the opposition added to the pressures which quelled any possible popular unrest. Fujimori and Montesinos developed sophisticated and effective mechanisms to identify and stop opposition developing amongst social movements.²²³ Authoritarianism, clientelism, inclusion,

²²² According to Gonzalez de Olarte (1998) 37.9% of Peruvians were in poverty and 14.9% in extreme poverty in 1986. As a result of hyperinflation (1988–1991) and the effects of the *fujishock* of August 1990, 55.3% of Peruvians passed into poverty and 24.2% into extreme poverty (p83). Most of the new poor were in cities, especially Lima, and many among the middle classes and public sector workers (ibid. p85). Fujimori's restructuring policy managed to reduce poverty in the following years, but never to the level of 1986.

²²³ Government agents, such as Absalon Vasquez, an ex-Aprista with strong connections at the grassroots, was said to have identified possible foci of popular opposition and neutralised it through clientelism, co-optation, corruption and/or threats (Interview Rosa Maria Alfaro, Calandria). The Armed Forces, the police and surveillance by the national intelligence service (SIN), backed such measures up with force. By such means a form of social peace was achieved which worked against the emergence of popular protest despite the very real reverses in social

recognition and meritocracy were all strategies used by the government to weave local needs together with government aims (Degregori et al., 1998 p261).

The political parties could not provide an effective response to *fujimorismo* and remained powerless politically. APRA polled only 8% in the 1995 elections, and AP, PPC and Izquierda Unida individually polled less than 5% (Conaghan, 1996 p19). The tight control of state resources exercised by Fujimori ensured that most leaders of community and social organisations remained neutral or aligned themselves with the government.²²⁴ These movements in any case were not loci of ideological resistance but of pragmatic survival and thus did not present a serious autonomous challenge to the Fujimori regime, although they were not uncritical.²²⁵ In sum "...[t]he relationship between popular sectors and the state under Fujimori was characterised by a strong pragmatism, arising from the weakness of collective identities, a crisis of the state and of the various support groups, in a context of high levels of violence and a crisis of governability" (Tanaka, 1998 p235). Popular sectors became demobilised according to Tanaka, and emphasis was placed on private initiative and public opinion, with the media rather than popular organisations acting as mediator. Low levels of collective collaboration were evident amongst the public (Conaghan, 1996).

Venezuela, on the other hand, had not experienced the massive mobilisations of popular sectors seen in Peru during and after the military regime up until the late 1980s. From the *caracazo* of 1989, however, mobilisation

and economic well-being felt by the popular classes in the earlier Fujimori years. The first attempt at organised resistance did not come until a one-day trade union organised work stoppage was held on April 1999, the first such stoppage in nine years of government under Fujimori (Cuya, 1999). From then on, popular protest became an important instrument in the opposition strategy to remove Fujimori, culminating in the grand Marcha de los Cuatro Suyos held on 28 July 2000, the day of Fujimori's inauguration for a third presidential term and Peru's independence day.

²²⁴ Over 20% of the national budget was apportioned to the Ministry of the Presidency in 1995 (Schady, 1999 pp.3–4).

²²⁵ Tanaka (1998) points to the near defeat of Fujimori in the referendum of 1993 and defeats in the municipal elections of the same year. He refers to Balbi's (1996) phrase "*delegación vigilada*" (vigilant delegation) to describe this wariness on the part of the electorate.

became a favoured method of voicing dissent among all sectors of Venezuelan society, especially during the Chávez years (López Maya, 2002; Provea, 2001 and 2002).²²⁶ Similarly, social organisations and movements became more prominent after the *caracazo*, particularly as a result of decentralisation policies pursued by the state from the late eighties (García-Guadilla, p179). When the Chávez government installed the ANC (National Constituent Assembly) in 1999, the participation of civil society was "dynamic and successful" due to mutual coincidences in some of theirs and the ruling coalition's aims (ibid. p186).²²⁷ Social organisations saw the Bolivarian Constitution as a satisfactory framework from which to fashion new relations between state and society. They became dissatisfied, however, as they perceived an increasing breach developing between the precepts of the Constitution and official discourse on the one hand, and the President's divisive discourse and partisan governmental practice on the other. Polarisation developed and mobilisation increased, with class cleavages becoming more apparent as the middle and upper classes demonstrated against the government and the popular classes in support of it. Chávez responded to increased middle-upper class mobilisation with co-optation and direct

²²⁶ The *caracazo* was a popular revolt against a neoliberal inspired economic packet implemented by Carlos Andrés Pérez (1989-1993) at the beginning of his second presidency. López Maya (2002) identifies collective action protests such as street blockades, occupations of buildings and land, violent "disturbances" and looting; stoppages or unofficial strikes, marches, and pot banging (*cacerolazos*). According to López Maya there were a total of 8,355 protests in the country from October 1989 to September 2000, not including "stopp.ages" or unofficial strikes (ibid). She notes that protest rose in 1999 and 2000, the first two years of the Chávez administration. This tendency seems to be continuing as Provea (2001 and 2002; Chapter 2 Derechos Civiles y Políticos/Derecho a la Manifestación Pacífica) identified 1,169 demonstrations between October 2000 and September 2001, and 1,262 demonstrations during the same period the following year. Police repression of the public's right to protest is however a relatively rare occurrence in Venezuela and Provea (2003 ibid) notes that during most of the years of the Chávez administration there has been a fall in the number of protests repressed despite the high numbers of those years. Of the demonstrations recorded 42 (3.6 %) were repressed or obstructed by the security forces in the first period, and 45 (3.9 %) in the following period.

²²⁷ Many of these groups were some of the strongest advocates for the calling of a Constituent Assembly from early on in the nineties, according to García Gaudilla. She records that 624 proposals were formulated to the ANC by civil society of which 50 % were accepted, albeit with modifications to some of them.

propagation of popular organisations.²²⁸ Participation for the government, García-Gaudilla concludes, means "winning legitimacy without losing power" (ibid. p194).

Associational autonomy is prejudiced too by tendencies of personalisation and weakening of party politics as noted in Peru, and a centralisation of state resources and power, making party lists more dependent on loyalty to party leaders (Molina, 2001). While the 1999 Constitution requires parties to hold elections to decide on candidates, this provision is rarely observed by these more personalist parties or movements, including the governing party, the MVR (Ellner, 2001 p18).²²⁹ Political discourse, however, is increasingly being dominated by left-right ideological identities in Venezuelan party politics thus providing greater programmatic and ideological variety in party discourse, unlike in Peru where is currently dominated by liberalism.

Unlike in Fujimori's Peru, where trades unions became largely irrelevant, unions in Venezuela have been one of the centres of ideological and hegemonic struggle. The CTV led a number of strikes against the Chávez government, albeit in concert with the business association Fedecamaras. Despite traditionally being dominated by AD, the CTV has successfully avoided being co-opted by the Chávez government while at the same time asserting its autonomy from its erstwhile sponsors. Although its powers of mobilisation have been weakened considerably, it has presented a convincing challenge to the government on a number of occasions (Ellner 2003b in Ellner and Hellinger, 2003).

²²⁸ Parts of the women's movement and the indigenous movement were co-opted, and government sponsored Bolivarian Circles, groups of government supporters organised into small cells in workplaces, schools, neighbourhoods etc were promoted and financed, and Chávez's old clandestine movement the MBR-200 was revived (ibid. pp.193–194).

²²⁹ Nevertheless moves are being made by the MVR to institutionalise itself. The movement is organised on a local, regional and national level, with a national co-ordinating body the Comando Tactico de la Nación being responsible for organisational and ideological strategy (Alvarez, 2003 pp.159–160; personal interview Aurora Morales, Ideological Director MVR). Recently internal elections have been held within the MVR movement (See Delgado and Pollak www.ultimasnoticias.com.ve 1 July, 2003).

Even labour unions regarded as sympathetic to the government have shown noteworthy discrepancies with government strategies on union policy (ibid. p176).

In sum, there are more differences than similarities in the autonomy of social organisations in Fujimori's Peru and in Venezuela under Chávez. *Fujimorismo* was characterised by a lack of autonomy, both ideological and practical, of social organisations during most of Fujimori's rule. This was achieved through a decline in the left, and a combination of authoritarianism and successful co-optation. Social organisations in Venezuela under Chávez on the other hand have shown a marked autonomy in some cases or at the very least a qualified co-operation with the government, along with high levels of mobilisation and ideologisation. Although, like in Peru there have been attempts at co-optation this has met with varying success. The progressive inclinations of the government and its partners and supporters encourages an atmosphere conducive to autonomous popular mobilisation in its support, especially necessary in a context of hegemonic struggle. Authoritarian practice to assert political control over civil society groupings has met with little success, as was the case with the union referendum of 2001, which resulted in defeat for the government and had beneficial though unintended effects for the autonomy of trade unions (Ellner, 2003b).

5.6 Comparative analysis

Returning to O'Donnell's (1994) 'delegative democracy' model let us review the above under the following headings:

- Strong executive
- Majoritarian
- Passive population
- Interest groups, media, opposition critical but ignored
- Institutionally unaccountable except to president (no 'horizontal accountability')

- Swift policy making
- '*Continuismo*' through Constitutional reform

Fujimori and Chávez obviously share many of the characteristics of this model. Both presidents instituted extensive constitutional reform which concentrated power in the hands of the executive and provided them with the possibility of another term, in other words '*continuismo*'. The new constitutions limited 'horizontal accountability' by centralising institutional power in the executive. Fujimori and Chávez relied on the 'people' as a fundamental justification for their actions; in other words in O'Donnell's terminology they were strongly majoritarian. They also acted swiftly on the policy level using decree powers and arrogating decision making to the President and a handful of advisers. Other sectors, such as the media, the opposition and certain business sectors were allowed to voice their opinions, but were not involved in policy making or policy revision.

However, there are also substantial differences between the two presidents with regard to this model. While both presidents instituted constitutional reform, Chávez did this within constitutional limits, while Fujimori used an *autogolpe* to destroy the previous constitution and only showed an interest in creating a new constitutional order under international pressure. Chávez showed more interest in the creation of new institutions than Fujimori, however imperfect they may be, and some of these institutions have shown a marked independence of government and opposition, unlike in Peru where institutions were colonised and dominated by government. Decision-making capabilities certainly rested in the hands of both presidents to an extraordinary degree, yet Chávez is more subject to the demands of coalition partners and his supporters, limiting his power. In Venezuela the opposition is much more vociferous in its demands and has had much more success in retarding or blocking policy decisions, unlike in Peru where new decrees were issued, and implemented, with often lightening speed and little debate. Furthermore

populations in Venezuela have remained far from passive, whereas in Peru under Fujimori popular mobilisation was a rarity. In sum Fujimori adheres much more closely to the authoritarian element of the model than does Chávez.

Furthermore these differences become more apparent in the context of the framework derived from theory on participation in the literature on democracy. Greater electoral pluralism was found under Chávez than under Fujimori. Authoritarian tendencies and presidential control were found to be weaker in the Chávez presidency than with Fujimori. Human rights have not been violated, nor are they likely to be, as much under Chávez as under Fujimori. While the media was a key actor in Fujimori's Peru in support of the government, it primarily supports the opposition sectors in Venezuela. There was a greater lack of autonomy under *fujimorismo*, while in Chávez's Venezuela social organisations have a more marked autonomy or at least a qualified co-operation with the government, with higher levels of mobilisation and ideologisation.

There are a number of reasons for these differences. First, Peruvian democracy was weaker than Venezuelan democracy before Fujimori came to power, due to the shorter time span it had to develop (1980–1992) and acute difficulties in terms of economic development and the war with Sendero. In Venezuela, on the other hand there was the time (1958–1998), the means (oil) and the context (peace) to facilitate democracy taking root. Consequently, in the Peruvian context it was easier for Fujimori to refashion institutions to his own advantage with the aid of many powerful allies.²³⁰ Between them, these groups possessed sufficient knowledge, training and expertise to remodel many of these institutions efficiently, and/or provide the necessary legitimacy to permit those

²³⁰ These associates and allies consisted of, according to Ballón (2002) "...the *cúpula* of the Armed Forces, Fujimori's closest [political] associates, the SIN, the principal business groups (mining companies, chief exporters, and the financial system) and transnational capital, whose presence grew notably as a result of the privatisation process, with the blessing of the IMF and multilateral organisations, sectors of the Catholic Church and the subordination of some of the media" (p17).

who had previous experience to continue working in them. In Venezuela, on the other hand, the much firmer roots of democratic institutions, under the tutelage of his avowed political enemies, made it more difficult for Chávez to remodel this polity entirely to his own advantage. This ultimately serves as a brake on the 'authoritarian dynamic' of the Chávez administration.

Second, the principal political parties, AD and Copei, monopolised almost the entire institutional and popular structure of Venezuelan society, dividing it between them according to the rules of the Punto Fijo pact (Rey 1989; Buxton, 2001). As these opposed Chávez from the outset, it was more difficult for the government to gain complete control of the State apparatus. Furthermore the Chávez administration lacked the high powered alliances that the Fujimori regime had, relying on the popular classes in the *barrios*, led by left-wing community activists, a number of small left-wing parties, associated academics, and the Armed Forces. Although many knowledgeable people are found within these groups, many lacked the expertise of government administration (González Plessmann, 2003 p3). Extensive resistance on the part of the opposition sectors contributed to a continuous struggle between sectors of the bureaucracy and the government, especially in sensitive areas such as health and education, and an intense vigilance of the behaviour of democratic institutions for signs of bias. Chávez faced a continual series of small and large scale strikes in the health and education sectors, and education was one of the great battlegrounds during the December 2002 strike/lockout. Fujimori faced little such opposition, as he reduced the bureaucracy numbers, and due to his business and international legitimacy secured the co-operation of trained technocrats. Unions were extremely weak and in general, as we've seen above, the government developed efficient mechanisms to deal with opposition if and when it did arise.

Third, the nature of the alliances upon which both Presidents built their power is radically different. While Fujimori's alliance consisted of an extremely powerful array of both national and transnational actors, resting on an electoral base of mostly the extremely poor, Chávez's alliance is almost entirely national,

with weak economic and technical weight, but resting on the same social base.²³¹ The Venezuelan social base of the Chávez coalition, however, unlike Fujimori's, is mobilised in support of what they believe, rightly or wrongly as *their* project, that is the inclusion of the heretofore excluded marginalised classes into the social, economic and political life of the country. While Chávez is a crucial part and symbol of that project, he is not the sum of it, and he is dependent on their mobilisation, and not just their vote, to ensure his survival. The repeated and well-attended marches in support of Chávez and his government, and more localised grassroots activity not only show the support of the popular classes for the President, but the presence of an organisational infrastructure of militants and activists with convocatory power in the *barrios*.²³² This support has remained consistent despite a failure on the part of Chávez to make a substantial difference to the living standards of poor Venezuelans, indicating a strong identificatory link in programmatic and ideological aims.²³³ It is doubtful that these groups will allow an authoritarian project solely benefiting the President and his closest associates over the development of the participative and protagonistic model set out in the 1999 Constitution.

This situation contrasts sharply with Fujimori; under him the popular classes were entirely demoralised and demobilised as a result of the different crises which afflicted Peru in the 1980s and early 1990s and did not participate in an *active* sense in the government nor the governing movement. Fujimori did not have, nor did he want, a grassroots network of militants and party faithful despite, or perhaps because of, having high levels of legitimacy due to the defeat of hyperinflation and terrorism. Mobilisation was therefore dependent almost

²³¹ Barring solidarity with other some leftist governments in Latin America, such as that of Lula in Brazil, Cuba and international left wing organisations.

²³² "In organisational terms, pro-Chávez forces can count on a series of small parties, but above all on a multiplicity of small popular organisations dispersed throughout the country" (González Plessmann, 2003 p3).

²³³ According to the 2003 Report on Human Development of the United Nations, there was only a small improvement of 0.005 in Venezuela's Human Development Index from the previous year. Venezuela remains in 69th position in the world, the same spot it has occupied since 2000, yet support for Chávez remains around 30–38% (Provea, 2003 and see note 11, above)

solely on the media, the Armed Forces and the SIN and not on ideological or programmatic considerations. Furthermore Fujimori did deliver economically to his poor electoral base, and quite blatantly used that economic power over them for electoral ends.

Fourth, the Venezuelan opposition is much stronger and more active in opposing the Chávez government than its counterpart in Peru ever was. In Peru, congressional opposition was muted and broadly supportive in many respects, despite expressing reservations at the more draconian measures being proposed (See Mc Clintock, 1996 pp.60–66). The media initially took a critical but broadly supportive stance and latterly became almost entirely subject to the government (see Fowks, 2001). Popular movements as we have seen, were gravely weakened, as were the political parties. This is not entirely the case in Venezuela; political opposition may have been weakened electorally, but it still has considerable organisational structure, and alliances and penetration of important social movements. Furthermore, opposition allies such as the Church, the business community and the media, as well as the parties themselves, have considerable power and, like Fujimori, powerful international allies who view Chávez with distrust if not outright distaste.²³⁴ The opposition is equally as mobilised as the Chávez coalition and has, in turn, managed to mobilise the international community to take part in a vigilant observation of the process.

Fujimori, on the other hand, was intimately involved with the international community, which saw him as a stabilising factor in an extremely unstable and precarious country. It was in the interests of the international community to preserve Fujimori in power, a factor which considerably weakened the opposition.²³⁵ Only near the end of his second term, when unrest became common and electoral fraudulence all too apparent, did the OEA become

²³⁴ International reaction to the coup, particularly from the US and Spain was favourable to the rebels and it is accepted by a number of political analysts that the US was involved in the preparations for the coup. See Lander (2002) for the US role in the coup. See also Aharonián (2002).

involved as interlocutor and even then Fujimori continued in power. Fujimori thus had little or no internal or external opposition of weight to inhibit the installation of his authoritarian regime. In the case of Chávez the situation is almost the obverse of the Peruvian situation and augurs against his achieving an authoritarian government like that of Fujimori, if indeed that is his intention.

Finally, it is often asserted that both presidents are anti-institutional and anti-party, although this is not entirely true of President Chávez. Chávez went into government as part of a broad alliance of parties many of them with strong left-wing backgrounds. Whilst in government that alliance has seriously weakened and the President must be mindful of keeping what remains of these parties within the project due to their organisational and technical capacities as well as their voting allegiance in the National Assembly.²³⁶ Fujimori as Grompone correctly indicates, was entirely free of alliances and had no such considerations. He could afford to act freely, paying little heed to other parties including his very own movement. In Venezuela the National Assembly has become the scene of intense debate as the Chávez coalition attempts to maintain its slender majority in the face of consistent opposition attempts to stall legislation and capture waverers.

The 1999 Constitution put in place new mechanisms to oversee government action; the People's Defender's Office, the Comptroller General, the Electoral Council (CNE), and innovative mechanisms to further popular participation such as revocatory elections and referendums. The Electoral Council (CNE) and the Supreme Court (TSJ) have issued controversial judgements both for and against the government, showing a degree of independence. Institutions, whether due to the president, or despite him, are central to the Chávez government and the Bolivarian process. These factors and those outlined above act as checks and balances against the more authoritarian centralising dynamics

²³⁵ See, for example, Fienstein and Youngers (2002) for opinions on US knowledge of Fujimori's activities.

²³⁶ See note 70 above.

of the Chávez government. They may help institutions to maintain or regain their own autonomous dynamics, or at the very least block the realisation of an authoritarian domination of institutions in Venezuela as achieved by Fujimori in Peru.

The Fujimori regime was democratic until 1992, when as a result of the *autogolpe* it became autocratic. Yet even then it had high levels of legitimacy and this and its electoral origins prompted many to look on it as a hybrid regime. In 1995, it regained democratic legitimacy when Fujimori was re-elected in what were considered to be questionable but generally speaking legitimate elections. It was not until the late nineties that the Fujimori regime became primarily authoritarian as Grompone maintains. The picture in Chávez's Venezuela, while similarly betraying signs of hybridism, is, however, much more complex, as Hellinger and Ellner (2003) assert. Most certainly there are some indications of authoritarianism, such as a degree of government dominance of institutions; continued impunity in the case of human rights violations; and threats to the freedom of the press and the right to information. These, however, do not constitute authoritarianism as defined by Rueschemeyer et al. (1992), though undoubtedly it could be a "restricted democracy" according to this analyst's terminology.

Nonetheless, as we have seen there are strong countervailing factors which act as important checks against those tendencies. The difficulty for Venezuelans, however, is that many of those sectors in the opposition which act as guardians against authoritarianism, have themselves shown similar authoritarian tendencies. The danger, therefore, is not simply the authoritarian tendencies shown by Chávez, although these must be guarded against without doubt, nor the authoritarian tendencies of sectors of the opposition, which must be equally guarded against. Rather, the danger lies in a substratum of authoritarianism, a lack of commitment and ambivalence to democracy, which runs through Venezuelan public life in general. This seam of authoritarianism, this autocratic faultline in Venezuelan public life, is barely acknowledged by the

principal actors in the Venezuelan drama, who instead mutually accuse each other of sins which they themselves can be guilty of. There is a ready willingness to use the concept of democracy for discursive ends in the government and the opposition, but few programmatic proposals emerge from the opposition as to how to ensure the undoubted participation that the popular sectors enjoy under Chávez. And it is this "experience of participation", as Germani termed it, which ultimately makes Chávez different from Fujimori, and provides him with much deeper legitimacy. Any alternative to Chávez which denies this experience of participation, and the opportunity to develop and deepen it, will destroy the possibilities of genuine democracy for Venezuela. As Rueschemeyer, Stephens and Stephens (1992) baldly state, "democracy means nothing if not a share of political power controlled by the many" (p44). Unfortunately for Venezuela and Venezuelans, few of the alternative political actors to Chávez seem to be offering that opportunity.

5.7 Conclusion

To conclude, there is some evidence to support a comparison of Fujimori and Chávez as hybrid democrats. Nonetheless, while degrees of authoritarianism are a notable factor in both presidents' regimes, it was much more evident in that of Fujimori due primarily to his use of a coup to establish his supremacy and the increasing authoritarianism that developed in the latter part of his second term.

Furthermore, this chapter has shown that participation is an essential defining aspect of populism, as Germani maintains, an aspect which clearly differentiates the Chávez regime from the Fujimori regime. Ellner (2001), Buxton (2001) and Roberts (2003) see Chávez closer to a "classic" populist model such as Perón, rather than as a neopopulist. While Chávez bases his support, rhetoric and policies on the marginalised poor and shows some authoritarian tendencies, the emphasis on the participation and mobilisation of the popular classes, his links with grassroots leftist organisations, and his opposition to "savage"

neoliberalism, amongst other characteristics, clearly differentiates him from the neopopulist model.

It is precisely the absence of policies extending participation, which leads Sanborn and Panfichi (1996) to qualify Fujimori as neopopulist, and for Lynch (2000) to reject the term altogether as a debasement of the fundamentally democratising character of populism. For these analysts, like Germani, participation of the popular classes is a fundamental characteristic of populism. Moreover, participation is not only essential to populism, but it is central to concepts of democracy as discussed by Rueschemeyer et al. (1992) and Dahl, reinforcing the link between participation, populism and democratisation.

Despite this emphasis on participation, most analysts of populism contend that the impact of populism is harmful to democracy and its institutions. Indeed one of the principal claims of the Opposition to both Chávez and Fujimori was that each government harmed democracy, and the 'institutionality' which democracy depends on. The next chapter will look at these claims in more detail.

6 CHAPTER 6: The Consequences and Impact of Populism

6.1 *Introduction*

The previous chapter examined some key political elements in order to assess the relative democratic and authoritarian balance of both presidencies. The chapter underlined the fact that for democracy to develop, popular participation is important in achieving legitimacy. It is not, however, sufficient in itself as participation must also be present in the economic and social spheres, as shown in Chapter 3. This chapter will expand on these ideas by examining in more detail the political consequences and impact of populism, and their relation to the economic and social spheres, for the societies which experience it.

The main arguments are as follows. Two main consequences of populism emerge from the literature: (i) increased popular participation; and (ii) diminished institutionalisation. In the chapter it will be argued, however, that this analysis has a number of important problems. First, the literature does not sufficiently take into account the influence of ideology on the extent of popular participation in specific populist experiences. Second, analysts fail to place Latin American populism, and specific populist governments, within a global and regional context.

In order to deal with these issues, the chapter will cover three main areas. The first section will examine the literature in more detail, focusing particularly on Roberts (2000). The second section will identify the failings in this analysis, and instead place populism within a global and regional context. The third section will analyse the Fujimori and Chávez presidencies in the light of these arguments, pointing to the seriousness of their claims to democratic legitimacy'. The chapter will then end with a number of concluding observations.

6.2 *The consequences and impact of populism*

6.2.1 Introduction: general findings

As explained in Chapter 1, the literature identifies two main consequences of populism in Latin America, one positive and one negative. On the positive side there is, according to some analysts, increased popular participation, and greater assertiveness and organisation of the popular and middle classes (Germani, 1965; Lynch, 2000; Stein 1980 p14; Torres Ballesteros, 1987 p177). As a result, many in those classes experience higher living standards through tighter regulation of working conditions and more access to welfare (Drake, 1982 p241). Furthermore, this contributes to a greater feeling of national consciousness, often expressed culturally through an interest in national customs, music and art (Conniff, 1982 p20).

On the negative side, however, which is the one more emphasised in the literature, this participation is not seen as genuine or thorough, but rather as a pseudo-participation which does not lead to real structural change and ultimately perpetuates the inequality and exploitation characteristic of the region. Moreover, representative institutions are weakened, as the centre, usually the executive, exerts most control over popular participation, discouraging group autonomy and reinforcing the political context which can lead to a re-emergence of new populist movements and regimes. (ibid. pp.14-15; Crabtree, 2000 p176).

Brasser Pereira et al. (1993, cited in Philip, 1998 p94) claim that institutional weakening personalises politics and generates a political culture of short-termism. As a result, politicians are expected to deliver quick-fix solutions to complex problems. Populism, therefore, damages the chances for democratic development and long-term economic improvement. Ultimately, however, as Kay points out, electorates will tire of personalistic politics, and populists will be unable to deliver on social equity needs, causing demands to resurface for the rule of law and social equality (1996 p21).

In essence analysts argue that populism is bad for democracy, that it inhibits democratic development and damages democratic institutions. However, there are a number of problems with this analysis, principally the failure to pay

sufficient attention to the context and causes of the emergence of populism, and the inherent weaknesses of liberal democracy, both regionally and in the broader international context.

6.2.2 Populism and Democracy

Roberts (2000) illustrates these shortcomings particularly well, as his is one of the most thorough and well-balanced accounts of this viewpoint, and also one of the most contradictory. Roberts accepts the positive role populism has played in the integration of subaltern classes into the political process. He recognises that it is inequality that threatens democracy and its institutions, and is therefore one of the principal causes of populism. However, he then places all his hopes in these very institutions to reform themselves, despite their weakness and lack of legitimacy. Furthermore, he recommends such reform without acknowledging that it could threaten the primacy of neoliberalism in the region, which in the current global context would most probably be strongly resisted by the international powers. In other words, Roberts' analysis fails to adequately take into account the current global and regional realities of neoliberal hegemony and imperilled democracy. Instead it shows an unrealistic belief in the power of institutions and a concomitant loose grasp of the realities of Latin American politics and society.

Roberts argues that populism has "...an inherently ambiguous relationship with political democracy" (ibid. p2). Populist leaders helped to incorporate the working and lower classes into the political process, expanding the ranks of democratic citizenship and broadening the social base of democratic regimes (ibid. p9). They also shepherded the tumultuous transition from oligarchic politics to mass democracy, providing a new sense of dignity and self-respect for subaltern sectors of society, who were encouraged to recognise that they possessed social and political rights (ibid.). Populists, however, often use undemocratic methods to achieve this, sometimes showing little respect for the

rule of law, political pluralism and democratic checks and balances (ibid.). As a result, they polarise the political arena in ways that make democratic co-habitation all but impossible (ibid. p10). Furthermore, they have conflicts with democratic institutions, especially legislatures, frequently using decree powers or altering institutional rules. And they use plebiscitary tactics to strengthen their power base, rely on the military, and so weaken institutional checks and balances (ibid.). This erodes the transparency of the public administration, Roberts argues, and undermines the capacity of democratic regimes to monitor and control corrupt or incompetent behaviour (ibid. p12). Moreover, populists degrade democratic citizenship by not honouring electoral promises, denying citizens the right to establish policy mandates. Instead, they develop clientelistic relationships to ensure their permanence in power (ibid.).

Roberts then goes on to make a number of suggestions to limit these populist challenges to democracy. He points out that there is a need to recognise that populism is a confluence of specific social and political conditions: "...the political marginalisation and alienation of the working and lower classes, the fragility or delegitimation of party systems, and the weakness of autonomous forms of political expression in civil society" (ibid. p14). Recognising this, Roberts recommends the following reforms to strengthen democracy and thus avoid populism.

First, he recommends that parties need to be strengthened and re-legitimised, through reform of their financing, balanced media coverage, and internal democratisation (ibid. pp.14–16). He further suggests a change in electoral systems to a mixed proportional representation/plurality system, and political decentralisation to strengthen parties at the local level. Debate should be encouraged on varying models of capitalism and parties shouldn't be pressured by international actors to adhere to a "...Washington Consensus' that undermines their programmatic functions by artificially narrowing the range of responsible development alternatives" (ibid. p16).

The role of civil society should be strengthened, with greater input into policy making, and the running of institutions, and the fostering of greater transnational linkages. The civil service, judiciary, and legislature should also be strengthened with greater professionalisation and the development of more transparent procedures (ibid. pp.18–19). The international community should provide greater safeguards for democratic procedures (ibid. p19). Finally, Roberts adds that in terms of policies the "progress" made in macroeconomic stability should allow attention to shift to policies which reduce social inequalities and integrate society better, thus eradicating the essential causes of populism and strengthening the basis of democracy (ibid. p20). He concludes that "...populism feeds off the frailties of democracy, while often exacerbating them. Populism then, is both a cause of democratic instability and a reflection of it. Its future will largely depend on the course of democratic development in the region" (ibid.).

Roberts then establishes a strong link between democracy and populism, and contends that the development of democracy in the region will dictate whether populism will continue to emerge there or not. However, his analysis fails to take into account the perilous nature in which democracy finds itself globally and within the region. Consequently, let us first of all have a very brief look at the genesis and current state of democracy globally to provide a context for its situation in Latin America, before going on to examine Roberts' analysis in more detail.

6.3 *Democracy in peril*

6.3.1 The genesis and decline of 'Western' democracy

Nabulsi (2004) points out that it is struggle, not institutions, which creates democracy: "It is not only after one possesses democratic institutions that one practices democracy, nor is democracy merely a set of institutions or mechanisms such as elections. Democracy only holds if it emerges by customary practice in the public sphere, and in the case of Europe this custom developed

through organised resistance to unrepresentative rule over generations". Furthermore, Jacques (2004) points out that democracy is relatively recent as the accepted political system in Europe, and that it is dependent (like populism according to Roberts) on distinct historical conjunctures and specific conditions for its existence; in other words, it is not permanent. He also draws attention to the fact that democracy as a universal prescription for the developing world is unsuitable, particularly as it has usually been authoritarian, rather than democratic, regimes which have achieved economic development for the countries of the West, and the newly industrialised countries (NICs) of East Asia.

Jacques (2004) goes on to itemise the different malaise affecting Western democracy which have a familiar ring in the context of democracy's problems in Latin America, as will be discussed below. Jacques reports that Western democracy is suffering due to "...the decline of parties, the fall in turnout, a growing disregard for politicians, the displacement of politics from the centre-stage of society" (ibid.). The reasons for this are "...the decline of traditional social-democratic parties [...] [leading to] the erosion of choice [...] voting has become less meaningful. Politics has moved on to singular ground: that of the market". Jacques points out that it is the market, money, which now moves party politics, turning democracies such as that of the US, into plutocracies. The media now determines political choice and electoral results, and is concentrated into the hands of powerful tycoons. Democracy, however, argues Jacques, traditionally acted as a constraint on the market, which evolved, as Nabulsi (2004) also points out, through the struggles of working people. Now that the market has superseded it: "[d]emocracy comes under siege".

Thus we can surmise from this brief discussion the following points. First, democracy is not simply the sum of its institutions, but evolves through practice which is often established through struggle, much of that outside the established laws and institutions of the existing regime. Second, democracy has evolved specifically, according to Jacques, through the organised struggles of the working classes to put checks on the market and so protect their positions. The global

decline of democracy is due to that structure of checks on the market ceding to the market's supremacy, and neoliberal policies are the means by which this process is taking place. The rise of the market, therefore, is democracy's nemesis, and not, as is often claimed, its corollary.

6.3.2 Democracy in Latin America under neoliberalism

Some who have analysed Latin American politics have also noted neoliberalism's negative effect on the quality and effectiveness of democracy. Ryan (2001), for example, has argued that neoliberal reform in Latin America is probably one of the principal reasons for the high levels of electoral abstention observed there in the 1990s. Ellner (2002) shows quite graphically the role of neoliberalism and globalisation in undermining democratic institutions in Latin America. He points, like Roberts, to the use of deceit by politicians, in promising centrist policies then implementing ferocious pro-market programmes (i.e. Fujimori). He also points to the poor record of democratic politicians and institutions in defending the hard-won gains of Latin American working people, such as welfare and favourable labour policies, from the neoliberal onslaught. Institutions such as Congress in particular are perceived as irrelevant as a result of these tendencies, and those who introduce and defend the reforms within institutions are seen as being beholden to foreign interests.

This decline of democracy is most graphically illustrated in a report on democracy published by the UNDP (2004). The Report informs us that while democracy is the preferred system of government in Latin America, that support is highly qualified. Latin Americans have little faith in democracy's ability to improve living standards or in the institutions of democracy, particularly political parties (ibid. pp.24–25). The report emphasises that to achieve full democracy a citizen must be a "full participant" in society – that is each citizen should have political, civil and social citizenship (ibid. p30). Political citizenship is high in the region, the report notes, but occasional coups, such as that of Fujimori in 1992,

and a series of deep institutional crises, such as in Argentina in 2001, are worrying trends. Furthermore, in polls conducted by Latinobarometro, used extensively throughout the report, confidence in political parties is low, at only 11% in 2003.

Civil citizenship is deeply prejudiced by the low level of faith placed by Latin Americans in their systems of justice. According to Latinobarometro's findings, in 2002 "...most people believe(d) that the rich always, or nearly always succeed in exercising their rights [while] the poor, immigrants, and indigenous groups suffer serious legal disadvantages" (ibid. p45). When one considers that in 2003, according to the report, 225 million people in the region, or 43.9% of the population, received a level of income below the poverty line (ibid. p73), this implies that almost half the population has little access to justice. The low levels of civil citizenship are of course intimately linked with low levels of social citizenship, as expressed in the high rates of poverty in the region. Furthermore increased economic reform in the last two decades, has led to low growth, increased poverty, increased inequality, and increased unemployment and underemployment (ibid. Table, Reforms and Realities, 50), a fact not highlighted in the report.

As a result, citizen's perceptions of democracy have become increasingly negative. Most Latin Americans (57% in 2002) express support for democracy, but of those that do so, almost half (48.1%) value economic development more highly, and would support an authoritarian government if it solved the country's problems (44.9%) (ibid. p52). Furthermore, those who show the least faith in democracy are those who live in countries with higher levels of inequality, illustrating graphically the link between lack of confidence in democracy as it currently exists, 'actually existing democracy' and inequality (ibid. p58).

The report then goes on to analyse the results of a survey carried out amongst 231 leaders in the region, many of them serving presidents or former presidents, which also presents a number of interesting findings in relation to the present analysis. Those surveyed identified two major problems with democracy

in Latin America: "...the role of political parties, and the tension between institutional powers, and what they refer to as *de facto* power centres" (ibid. p62). Parties, survey respondents claim, have "...abandoned their ideologies and programmes" (ibid.). Instead they act in accordance with "...the interests of individuals, and are under immense pressure from legal and illegal power groups" (ibid.). While illegal power groups are mostly identified with drug cartels, the legal groups are the business and financial sectors, which were seen as the most powerful by 80% of respondents, together with the communications media, the second most powerful at 65.2% (ibid.). These groups, it was felt, frequently act in concert, and the media in particular is thought to be largely unaccountable. The Executive trailed a poor third at 36.4% and interestingly enough the USA/US Embassy was seen as slightly more powerful than the Armed Forces (22.9% against 21.4%), while multilateral agencies were recognised as being more powerful than national legislatures (16.6% against 12.8%). Thus, current *de facto* powers in Latin America are perceived by political leaders as business and financial sectors, the media, the USA/US Embassy, and the multilateral agencies, that is, the IMF, the World Bank, and the World Trade Organisation (WTO), as opposed to the traditional *de facto* powers of Army, Oligarchy and Church. The most powerful institutions in Latin America are therefore mostly unelected, unaccountable to the electorate, and are mostly based outside the national borders, indeed outside the region. Those interviewed viewed these extra-territorial powers as very negative for sovereignty, as well as pointing to their lack of responsibility in assuming the political consequences of the policies they insist on being implemented (ibid. p65).

What then does the report recommend to resolve the problems of weak institutions and the little trust Latin Americans have in them, as well as the power of *de facto*, often extra-territorial, actors? How does it propose that Latin Americans move from "electoral democracy to a democracy of citizens"? (ibid. p68). In effect, the report's recommendation are similar to those of Roberts (2004). It proposes an "expanded agenda of democratic reform" involving four

major items: (i) reform of political parties and new initiatives to make democracy more participative "...in which civil society organisations can expand their involvement in the democratic process" (ibid.); (ii) the formation of "...a new statehood", including debate on the role of the State, its size and capacity to expand democracy; (iii) the return of economic issues to the "content of politics" highlighting diverse economic policies, and recognising poverty and inequality as "a challenge to democracy"; and (iv) an assessment of Latin American democracy's place in globalisation encompassing a recognition of the limits and restrictions placed by it on democratic governments' freedom of manoeuvre to enact policies which maintain social cohesion (ibid. pp.67–70).

Finally, and most tellingly, the report explicitly links democratic reform with economic (neoliberal) reform – therefore implying that both are mutually dependent on each other – and lauds 'progress' made. Yet, paradoxically most Latin Americans do not support the neoliberal model, with 70.3% of those polled expressing support for State intervention in the economy, and only 26.4% preferring that the market find its own equilibrium (ibid. p75). In other words, political reform would also entail economic reform, specifically a rejection of neoliberalism as the economic model for the region, if they were truly to reflect the people's will, something which the report, and Roberts, fall short of recommending.

6.3.3 The limitations of institutional reform

In general, both analyses have much to recommend them. Their focussing on inequality as a source of the instability of democracy and Roberts' identification of this as a cause of populism is very much in line with the main arguments in the present study. The proposals both studies make in terms of institutional reform are comprehensive and attractive. However, there are a number of problems with Roberts' and the UNDP's recommendations which need

to be highlighted if we are to understand properly the impact of populism on Latin America.

First, both concentrate on institutional reform as a 'solution' to the 'problem' of democracy's decline, and in Roberts' case the rise of populism, overly stressing the symptoms of the problem rather than the problem itself. A central argument in the present chapter is that the weakness of democracy and democratic institutions are primarily caused by inequality; in other words, that they are symptoms of this underlying socio-economic malaise in Latin American society. By emphasising institutional reform as a solution, both studies give primacy to institutions, when in fact it is inequality which must be defeated in order that democracy take root and institutions prosper. It is paradoxical to recommend that democratic institutions reform themselves in order to strengthen democracy and restore peoples faith in it, given the profound and deep-set lack of confidence Latin Americans have in those institutions. Neither explain how these institutions will find the will, the capacity or the resources to enact such complex changes, nor why, given people's lack of faith in them, Latin Americans should trust them to do so.

Second, a major flaw in Roberts' and the UNDP's analyses is their refusal to recognise that democracy is failing in the region precisely because the neoliberal model is damaging to democracy. While it is true that both analyses recognise that neoliberalism is increasing inequality, and that neoliberal policies need to be debated, neither truly questions the viability of the model or its supposed role as a "companion to democracy". Gibbs (2004), in his criticism of the UNDP's Report, points to its supposition that progress towards democracy and towards clear and legitimate macroeconomic norms are mutually reinforcing. Roberts too lauds the achievements of macroeconomic reforms as a necessary step, which must be preserved, towards increased democratisation (2000 p20). The idea therefore as Gibbs (op. cit.) pithily puts it, is "to make neoliberalism a little friendlier".

Therefore, there is a paradox at the heart of both the UNDP's and Robert's arguments. As Gibbs asks: "How can the agenda of neoliberal reform – macroeconomic stability and liberalising markets – be up for discussion when the outcome of that discussion must be that neoliberal reforms are essential?" By emphasising institutional reform, both studies place the emphasis on what Latin Americans need to do "to get it right" within the current context, underemphasising the need for international actors to examine their part in the increasing instability of Latin American democracy. Given that, as pointed out earlier, the decline in democracy is a world-wide trend linked to the rise of neoliberalism, it is quite reasonable to surmise that these recommendations should be at least more equally balanced.

Moreover, both underestimate the real difficulties for Latin American countries in contesting the centralising tendencies of the neoliberal model, which lead to reductions in policy-making autonomy for national governments, and the unwillingness of core countries, multilateral agencies and the business and financial sectors, in other words the *de facto* powers, to modify those tendencies. In other words, both emphasise agency over structure as a 'solution' to the problem. Both Roberts and the UNDP are suggesting, in a nutshell, that Latin American governments implement far-reaching, and no doubt very expensive, institutional reforms, which in tandem with a more 'caring' neoliberal model would suffice to revive democracy and thus prevent authoritarianism or populism from emerging in the region. This proposal seems to be well intentioned, but it is essentially insufficient, and most probably unrealistic, to achieve that end.

A third important issue here is the apparent reification of democracy (and by this it is meant liberal democracy) and its institutions as panaceas to Latin America's political instability, which I would argue is misplaced given the region's historical experience of democracy and the current geopolitical context. Liberal democracy within a market context has not delivered to ordinary people what they consistently express as their main priorities; work, education and a decent life, or in the UNDP's words, full citizenship. Indeed the question must be asked

if "actually existing democracy" can solve the problems of development at all for Latin America. Analysts often complain of inadequacies in Latin American democracies or governments, with an implicit assumption that democracies do function perfectly in some other unspecified place. Yet many of these analysts are from industrialised countries in the north, or are Latin Americans strongly linked to the elites of those countries, whose democracies are far from perfect – and who have shown little inclination to effect reforms to improve them. As we have seen, democracy is imperilled not just in Latin America but all over the world, including the West, its supposed "natural" home, and that neoliberalism is among its gravest threats. It is, therefore, somewhat disingenuous, if not a touch arrogant, for some analysts to be recommending complex, expensive reforms to improve democracy in Latin America when its decline is indeed a global phenomenon, and governments of the West show even less inclination to save it than the Latin Americans they so readily lecture.

Attempts by Latin American governments at reform, guided no doubt by agencies such as the UNDP and other members of the 'international community', rest on the assumption that 'we' have it 'right'. Western nations are not required to implement similar reforms, thus putting in doubt their commitment to supporting them in Latin America.²³⁷ Furthermore, in all likelihood they would not be permitted to touch on the real reasons for the failure of democracy in the region, namely the continuation of the neoliberal model, despite Latin Americans' rejection of it. This is not to say that reform is not crucial to the improvement of democracy, nor that it is not possible, but rather that structural reform must be effected in tandem with institutional reform, a situation unlikely to be permitted by the *de facto* powers, (the international institutions, the US and other powerful

²³⁷ An example of this was the insistence by the US that Venezuela accept intense international monitoring of the Revocatory Referendum against President Chávez in August 2004, whilst later refusing to accept such monitoring during its upcoming presidential elections in November 2004, despite the hotly contested outcome of the 2000 US Presidential elections. Furthermore as ex-US President Jimmy Carter pointed out, the US has failed to rectify the difficulties that led to that outcome being repeated in 2004. (See Jimmy Carter 'Still Seeking a Fair Florida Vote' in the *Washington Post*, 27 September 2004; pA19).

countries, the media, local and international business sectors etc). However, governments who attempt such reforms are conversely charged with being 'undemocratic' and 'anti-institutional' by those same *de facto* powers, who then sometimes participate in thoroughly undemocratic measures to remove such governments, as vividly illustrated by the repeated attempts to overthrow the democratically elected government of Venezuela (see below).

6.3.4 Implications for theory on populism

Going back to Roberts' criticisms of populism in the light of the above discussion we can, therefore, draw the following conclusions. Roberts on the one hand accepts that populists have contributed to democratisation, but argues that in doing so through 'undemocratic' (i.e. non-institutional) means, this prejudiced democracy and is as a result anti-democratic. However, as Nabulsi (2004) points out, democracy is often advanced by challenging accepted practices through what are often perceived as 'undemocratic' means. It is feasible, therefore, to suggest that the great populist leaders such as Perón, Vargas, and Cardenás, and their millions of supporters in Latin America, were that region's form of struggle against the unrepresentative rule of the so-called democracies which existed there up until the 1930s. In effect these so-called undemocratic means can be responses to the anti-democratic tendencies of 'really existing democracies', which reinforce inequality and stifle popular participation.

Roberts argues that populists are personalist and authoritarian. Yet liberal democratic governments are becoming increasingly authoritarian and insulated from public opinion, as well as contemptuous of the rule of law, as the war on Iraq in 2003 amply demonstrates.²³⁸ Such strong personalist leadership, therefore, is not unusual now, nor was it unusual in the past, nor is it confined to populism. Furthermore, Roberts' belief in civil society as a prime mover of

²³⁸ See, for example, *Global Issues on Media, Propaganda, and Iraq* at <http://www.globalissues.org/HumanRights/Media/Propaganda/Iraq.asp>

change is slightly misplaced. 'Civil society' often in effect refers to the most organised sectors of society, which are usually the most well-off. There is no guarantee that these groups will work to eradicate inequality for the less well-off sections of society, especially if that means touching their own privileges. The most vocal sectors of civil society are often composed of elite members who can sometimes work to block change.

Another important point is concerned with polarisation. While it is true that the leadership style of some populist leaders can deepen polarisation, Roberts does not draw our attention to the fact that these leaders are products of the class/race polarisation in many Latin American societies, and not its cause. While they capitalise on this polarisation, they cannot be blamed for it.

Populists, Roberts also claims, disdain institutions, yet as Jacques (2004) explains above this is a world-wide trend, and again not exclusive to populism or Latin America. In short, the problem of democratic deinstitutionalisation is only a small, indeed a very small, part of a much greater picture for which populism cannot be blamed. Furthermore, if anything, 'classic' populism made some of the greatest contributions to institutionalisation in the region, with some of its most enduring parties, such as APRA in Peru, and the Justicialista party in Argentina, being formed by populist leaders, and trade unions, and other enduring popular organisation being nurtured by populist governments. Latin Americans saw some of their highest standards of living for the greatest numbers of people, much of that agreed through corporatist institutions, during that period also, advancing a more holistic citizenship and a more complete form of democracy in the region.

Indeed, there is confusion at the heart of Roberts' argument in that he distinguishes between two types of populism, 'classic' and 'contemporary' populism, or 'state-corporatist' and 'liberal-pluralist' subtypes of populism (2000 p4). As we have seen, 'classic' populism resulted in the creation of strong and durable institutions in a number of countries in Latin America. Yet 'populism' as a unified concept, according to Roberts, is responsible for deinstitutionalisation and damaging democracy.

In answer to this paradox, it can be argued, following Laclau (1977), that populism is not inherently anti-institutional, but rather that the emphasis in neoliberalism on regulation, instead of democratic accountability, reduces the ability of democratic institutions to fulfil their historic role of checking the excesses of the market. This would explain this apparent dichotomy, as a number of previous populist governments were articulated with social-democratic, nationalist ideologies, which prioritised nation-building, state-led development and institution building. As we have seen, neoliberalism has undone much of this work through increased inequality, privatisation, and the diminution of State sovereignty through globalisation and the enhanced power of the *de facto* powers identified above.

For example, Roberts complains that populists degrade democratic citizenship by not honouring electoral promises, yet most of the populist governments who failed to honour their electoral promises were those who went on to enact swingeing neoliberal SAPs, precisely because they knew that the electorates then (as now) would reject neoliberalism at the ballot box. Furthermore, not all contemporary populists renege on their promises, as Chávez illustrates, and such behaviour can be linked once again to the ideology with which populism is articulated. Roberts also argues that populist presidencies use decree powers excessively. Yet, those that have done so recently are those most deeply associated with implanting a neoliberal model, such as Fujimori. Chávez has only enacted one packet of 49 decrees in five years of power, as opposed to Fujimori implementing 923 decree laws between February 1991 and December 1992 alone!

Finally, Roberts reifies liberal democracy by seemingly forgetting how ineffective and weak it has been in Latin America throughout the twentieth century and the present one. For example, he complains that populist governments erode transparency and the ability of democratic regimes to control corruption, yet by doing so he seems to imply that democratic regimes were more transparent and less corrupt than populist regimes. A cursory glance at the

situation in Peru and Venezuela prior to the emergence of Fujimori and Chávez (see Chapter 2) will show that one of the main reasons the people of these countries rejected their existing democracies was because they believed them to be corrupt. Roberts once again is blaming populism for democracy's own failings.

Roberts recommends as a solution to the 'problem' of populism the strengthening of democracy, yet it could be said that essentially Roberts is putting the proverbial cart before the horse. Institutional change will most probably not come about, despite efforts to the contrary, unless democratic governments lead in implementing the policies needed to end inequality. This would entail a commitment from the *de facto* powers identified in the UNDP report to cooperate with these governments in implementing the necessary reforms. This is probably unlikely in the current geopolitical context of neoliberal hegemony and US geopolitical domination. Consequently, this increases the likelihood of more populism in the region, as liberal democracy fails and people link themselves to strong, centralist and nationalist leaders to struggle against these *de facto* powers in order to achieve equality, justice and democracy. Liberal-pluralist populist leaders may also emerge as a counter response to such tendencies, but even these may prioritise these themes in their discourse and rhetoric.

The following section will briefly illustrate these arguments in two specific cases, Peru and Venezuela, drawing on findings already presented in the present study. It will show first, that both governments emerged out of the lack of legitimacy of each country's democracy, illustrating the point made above that populism arises as a response to democracy's weaknesses. Second, it will show that this lack of legitimacy was caused essentially by the profound class/race cleavages existing in both societies. Third, in order to enact change, and lessen inequality, it is often important to challenge existing institutional structures and so be accused of being 'anti-democratic', as happened in both cases. However, the section will show that what is judged as being 'undemocratic' is often based more on how closely that populist government is articulated to the prevailing

ideology rather than concrete 'undemocratic' behaviour, illustrating the connection between the decline of democracy and neoliberalism, rather than with populism.

6.4 *The impact of populism in Peru and Venezuela*

6.4.1 Democracy's lack of legitimacy

Let us consider the first point mentioned above: the role of the lack of legitimacy of liberal democratic regimes in the rise of populism. The emergence of Fujimori and Chávez was primarily due, it was argued in Chapter 2, to the weakness of the existing liberal democratic regimes in both countries in responding adequately to the demands of their citizens for more equality and participation. As discussed in that chapter, Habermas (1976) shows us that developed societies achieve legitimacy through a combination of formal democracy and spreading of economic and social benefits through a class compromise. Democracies in developing countries, however, are often unable to provide the second part of the bargain to the majority of their citizens, thus rendering some of their institutions almost redundant for these groups, and so endangering the legitimacy of the democratic state. It was for this reason that in the midst of profound crises both the Peruvian and Venezuelan liberal democratic systems collapsed, clearing the way for Fujimori and Chávez to gain power and profoundly restructure the State. Furthermore, it is important to note that these democratic regimes had already been reformed in Peru as part of the transition to democracy after the Armed Forces dictatorship (1968–1979), resulting in a new Constitution, and in Venezuela under COPRE in the late 1980s (see Chapter 2). Both these reforms singularly failed to provide a State more responsive to the demands of its citizens.

In short, democratic institutions had already proven themselves to be thoroughly weak and incapable of satisfying popular demands for greater equity and participation, failing to heal the profound cleavages along class/race lines in

each respective society, and as a result failing to achieve legitimacy and effectiveness. Another important point to stress is that this failure to achieve social and economic integration of the popular classes in both societies led to a situation of polarisation along class/race lines which pre-dated Fujimori and Chávez. Both presidents were *products* of class/race polarisation, not *causes* of it, though both politicians did capitalise on this polarisation in their discourse and policies. Therefore, it is fallacious of Roberts to claim that populist presidents, such as these, cause polarisation in their respective countries, although it could be argued perhaps that their actions do exacerbate it.

6.4.2 The myth of 'deinstitutionalisation'

Furthermore, Gramsci ([1947]1971) and Laclau and Mouffe (2001) underline the importance of antagonism in efforts to achieve hegemony. In other words change is difficult to achieve without an antagonistic challenge to the status quo. Fujimori and Chávez both successfully challenged the existing delegitimised systems in an antagonistic fashion, offering radical alternatives. It is difficult to achieve change without going against existing democratic structures, especially when such structures and institutions have proven themselves to act against the interests of the majority. Charismatic leadership is central to this as it brings together the different groups that are dissatisfied with the existing system into a critical mass, which can carry forward radical change.

Both Fujimori and Chávez received widespread support from the popular sectors to implement change – as such they were acting according to the popular will. However, Fujimori showed much less respect for democratic procedure, as evidenced by his use of the 1992 self-coup to sweep away the old system, and implement a raft of mostly economic reforms by decree, before erecting a new Constitutional system. There is a consensus opinion amongst analysts that Fujimori's new system was primarily based on coercion, intimidation, corruption and clientelism, rather than the rule of law. Fujimori, as

previously pointed out above, governed through decree rule to a much greater extent than Chávez.

However, it is important to remember that the changes achieved by Fujimori were done with the support of large sectors of the democratic establishment and with broad popular support. Many political parties supported him, or at least many of his mostly economic policies, some passively, some more actively. Many of the *de facto* powers identified in the previous section, the business classes, the media, international financial organisations, and also more traditional ones, such as the Armed Forces, also provided crucial support. Furthermore, even after the 1992 self-coup, resistance was muted and ineffective, the rare times it manifested itself.

Fujimori achieved power, therefore, due to an inability on the part of democratic institutions, most notably the political parties, to defend themselves, and an unwillingness of the *de facto* powers to defend those democratic institutions sufficiently. Apart from the inherent weaknesses of these institutions, one of the principal reasons opposition was muted was the existence of a broad, tacit agreement on the part of the national and international establishment to support the neoliberal reforms and anti-terrorist measures being instituted by Fujimori. It could be argued, therefore, that it was not just Fujimori who deinstitutionalised Peruvian democracy, but the democratic institutions of Peru themselves, and the international community, which proved itself unwilling or unable to defend these institutions.

The case of Chávez is much less clear cut. Cameron (2003) has no doubt that Chávez is anti-institutional. He accuses the Chávez government of implementing a "slow motion constitutional coup" in the following manner (ibid. pp.1–2):

- Arbitrarily terminating Venezuela's Congress through a referendum of "dubious legality", convening elections for a Constituent Assembly, and organising the elections for this Assembly in such a manner as to ensure his party's domination of it, and thus ensuring the writing of a "partisan

Constitution rather than a statement of broad agreement on Constitutional essentials" (ibid. p2);

- Arbitrarily or illegally appointing officials and judges by using an "...executive dominated and appointed legislation [...] to stack the courts, thus degrading constitutional checks and balances" (ibid.);
- Using the Armed Forces to intervene in the Metropolitan Police of Caracas, and placing it under their controls, in spite of a ruling by the courts (ibid.); and
- Stimulating the organisation of 'Bolivarian Circles' which have "harassed and intimidated members of the opposition and journalists" (ibid.).

Cameron, however, ignores a number of important points in his assessment. Chávez's referendum of "dubious legality", for example, was allowed by Venezuela's pre-Chávez Supreme Court, whose imprecision in its judgement allowed for legal uncertainties to creep in, but not to the extent that it could be called legally dubious. Furthermore as Wilpert points out (Wilpert and Boyd, 2003; no page no.), Chávez had a clear mandate for change, transition periods can lead to legal uncertainties, the existing Congress "caved in all too easily" to the demands of the Constituent Assembly, and all the officials and judges appointed were ratified with a two-thirds majority in the National Assembly. Finally, Wilpert continues, while there is a problem of checks and balances in the Venezuelan government, with most branches having some level of sympathy towards the government, this is "a problem typical for democracies, which democracies have not resolved particularly well". Wilpert goes on to cite, for example, the three branches of the US government, which at that time (December 2003) were controlled by sympathisers of the Republican Party. In this situation "...one would have to say, at the very least, that Venezuela is no less democratic than the US, given the parallel". The transition period and its results were far from perfect, but it is incorrect to claim that it amounted to a "slow motion coup".

While it is true that the Constituent Assembly (ANC) was dominated by the Chávez led Partiotic Pole (PP), Cameron ignores the fact that the PP at that time was a very broad church indeed. Many of the most prominent members of the ANC, such as the well-known constitutionalist Alan Brewer-Carias, and prominent political scientist, Miriam Kornblith, are now equally prominent members of the opposition. Furthermore, Cameron also ignores the high level of public participation in its deliberations, as García Gaudilla (2003) vividly recounts (see Chapter 4). Far from being a "partisan constitution" as Cameron claims, Venezuela's Constitution is regarded by many Venezuelans as a fair and balanced document that seeks to protect and preserve many fundamental social and political rights for all Venezuelan citizens.

Finally, Cameron almost completely glosses over the frequent assaults on the rule of law perpetrated by the opposition in their repeated attempts to overthrow the constitutional government of Venezuela. López Maya (2004, no page no.) enumerates these as follows:

The coup of 11 April, 2002, the indefinite general strike with a sabotage-stoppage of the oil industry, petitions for consultative referendums which falsely tried to constitute themselves as revocatory referendums against the President, *guarimbazos* (violent protests), paramilitary operations, military disobedience, calls to tax disobedience, liberated territories, insurrectional marches, institutional crises seeking to provoke ungovernability (no page no.).

Instead, Cameron focuses on one isolated instance, the occupation of the Metropolitan Police by the National Guard, again ignoring the fact that the former force, controlled by vehemently anti-Chávez Metropolitan Mayor, Alfredo Peña, (incidentally voted in on a PP ticket), has been implicated in many of the illegal or insurrectional activities described above, including suspected involvement in assassinations of demonstrators. His blanket accusation against the 'Bolivarian Circles', also ignores their predominantly peaceful nature as discussion and community-activist groups, and the leading role played by the media and the opposition in creating the atmosphere and logistics to carry out many of the acts

mentioned above. In effect, it is the opposition, grouped in the so-called Democratic Coordinator, who have been most responsible for the assault on Venezuela's democratic institutions.

The Chávez government's commitment to institutionality is not perfect by any means, but neither can it be said to be anti-institutional. Separation of powers does exist in Venezuela to the extent that as Wilpert (2004) again points out "no other branch, such as the Executive, can remove another part at will". This is not greatly different to the situation existing in many other democracies, both in Latin America and North America. Nor is it greatly different from the situation in Venezuela which preceded Chávez. However, the situation in Fujimori's Peru was indeed very different: Fujimori, by means of the self-coup of April 1992, abolished Congress and removed most of the Supreme Court judges, and scores of ordinary judges. He reneged and delayed on putting in place many of the democratic institutions required by the 1993 Constitution, including the Public Defender and the Constitutional Court, effectively abolishing the latter in 1996 when it voted against his being allowed to stand for re-election. Chávez, therefore, used legal, although not always procedurally correct means to effect profound change in Venezuela, unlike Fujimori who repeatedly violated the Constitution and its institutions, to eventually abolish them.

Such legal discrepancies in the Chávez government, while important, do not amount to a "slow motion coup" as Cameron maintains, or to a totalitarian dictatorship, as many of the more hysterical parts of the Venezuelan opposition protest. Moreover, they must be put into the context of undoubted extension of participation and democracy to previously excluded sectors in Venezuela. In Chapter 3 we saw how the Chávez government has extended greater participation to greater numbers of Venezuelans, extending access to health, education, training, and land and home ownership. Other programmes have extended access to identity cards, and the August 2004 referendum saw a greater extension of voting rights to many more voters in the barrios. Ordinary citizens are much more deeply involved in politics on a local level, through

neighbourhood committees, and on a national level, through referendums and the massive mobilisations which have become commonplace in Venezuela. The Constitution provides also for greater public involvement in the naming of public powers, which has yet to be tested. Minorities, indigenous populations, and women have seen their rights extended under the Constitution, and by much of government policy.

6.4.3 Democracy is in the eye of the beholder

When we compare this record to the Fujimori government we find a greater and graver disregard for the law and institutions, and a much lesser corresponding extension and participation of democracy for Peruvian citizens in comparison to their Venezuelan counterparts. Fujimori, for example, promised a centrist programme on the election trail, to implement one of the most radical neoliberal SAPs seen in Latin America on achieving power, undermining Peruvians' faith in democracy. The Fujimori government was riddled with human rights abuses: numerous massacres, mass jailings of innocents, summary justice procedures, electoral fraud, domination of the media, harassment and intimidation of the opposition. Many of the gravest violations affected specific ethnic groups disproportionately, those who were living in the poorest parts of the country. Fujimori's economic and social policies saw millions thrown out of work and into poverty, saw the removal of many social rights, deliberate destruction of worker protections, increased unemployment, underemployment and informality, the domination by the executive of poverty programmes creating direct clientelistic relations between the poor and Fujimori, and the wholesale domination of much of the economic and administrative apparatus of the country by foreigners. And, as stated above, much of this took place with the acquiescence, and often the active support of many of the *de facto* powers; the business and financial sectors, the media, the Armed Forces, and the international community.

Yet it was the Chávez government which faced the greatest international opprobrium and the most frequent destabilisation attempts. The international media by and large echoed uncritically the Venezuelan private media's consistently negative portrayal of the Chávez government, and portrayed the opposition in an equally consistent positive light. Fujimori, in comparison, was portrayed, at least until the latter stages of his second term as the 'saviour' of Peru. The inescapable conclusion that must be drawn is that this was not due to either president's perceived commitment to democracy, but rather to the ideology with which each project articulated itself: Fujimori's consistent support for neoliberalism, and Chávez's vehement rejection of neoliberalism, in favour of a more constrained capitalism with greater levels of state interventionism and government control of the economy.

The Opposition and the institutions controlled by them in Peru, as well as the *de facto* powers, failed or refused to limit the excesses of the Fujimori regime for the majority of his two terms. In the case of Venezuela, on the other hand, the Opposition and the *de facto* powers used a series of mostly illegal strategies to overthrow Chávez, who instead managed to increase his popular support. The curious paradox appeared where the opposition in Peru, when it did decide to challenge Fujimori, used entirely institutional means to combat him, whereas in Venezuela the so-called democratic opposition used mostly non-legitimate means, backed by and involving many of the *de facto* powers to counter-attack the democratically elected Chávez. The distinction between the democratic and the non-democratic, therefore, is often more apparent than real, as it is power, linked to ideology, which ultimately dictates the outcome of these struggles.

Blame for deinstitutionalisation, therefore, cannot be laid entirely at the door of both presidents, or populism. Democratic institutions, such as political parties, civil society (including trade unions) the media, the business classes, transnational corporations, democratic governments of developed countries (especially the US) and multilateral organisations, amongst others, all

participated in the weakening of democracy in one or the other country, most often in pursuit of the implantation of neoliberalism. Democracy, democratic institutions, and other factors like human rights, are often used as discursive smoke screens to maintain or challenge power by one of the other side in often undemocratic and sometimes illegal ways.

6.4.4 Populist legitimacy

Both presidents, however, despite their sometimes glaring distinctions, achieved high levels of popular legitimacy. Fujimori brought peace to Peru after a cruel, bloody, guerilla war that most of the preceding democratic governments failed to control. He also brought macro-economic stability, which, while impoverishing many Peruvians, at least made life predictable again for the majority. Whether the sacrifices made in terms of human life and institutionality justify these achievements is highly debatable, but what is undoubted is that for many Peruvians the president had high levels of legitimacy throughout his presidency and right up until today. In comparison with the current democratic government led by Alejandro Toledo, Fujimori provided a much greater level of socio-economic participation to ordinary Peruvians, giving him much greater levels of legitimacy.

Furthermore while there is a greater regard for institutionality in the present government, this has not been translated into a more transparent government or a fairer society for the majority of Peruvians. Peruvian democracy has returned to the endless inter-elite squabbles over the spoils of office, which allowed it to be so easily discarded by Fujimori in the first place, rather than being directed in an intensive manner at the alleviation of poverty and hardship needed to grant it legitimacy amongst the Peruvian population. It is little wonder then that Peruvians are reluctant to fully endorse democracy. Similarly, despite the best efforts of the Opposition and its international allies, Chávez retains high levels of legitimacy amongst large sections of the Venezuelan population. He has

won eight different electoral contests in six years, and can mobilise hundreds of thousands of citizens to march in support of him when his position is threatened.

To sum up, both Chávez and Fujimori reflected popular disaffection with democracy and its institutions, and their inability to reform themselves. Peruvians and Venezuelans knew that reform within the existing context would be unable to deliver the increased socio-economic participation that they demanded, and thus both electorates opted for radical change promised by outsiders attacking the status quo. Both presidents delivered that radical change, although Fujimori did not deliver it in the form that he had originally promised. Both presidents bent the rules to achieve that change, but Fujimori much more radically, and illegally, than Chávez. Rightly or wrongly Peruvians and Venezuelans deemed that this rule breaking was acceptable as long as the presidents delivered the change they demanded.

An important point to note, however, is that both electorates prioritised change over democratic institutions because those institutions had proved themselves incapable of delivering that change. Both electorates also proved, however, that they wished to remain within democracy by using their vote to elect candidates promising change. A lesson to be learnt, therefore, is that popular interpretations of democracy, in Peru and Venezuela at any rate, are not consonant with strictly institutionalist views of it, and the reasons for this are rooted in the profound inequalities to be found in both countries. Tackling these inequalities must be the first priority of any government, and the form and nature of institutions which can deliver that change will flow from this. This requires leadership before reform, daring and a willingness to lead from the front, rather than cautious, expensive and slow institutional reform.

6.5 Conclusion

Analysts as we've noted have identified two main consequences of populism. On the positive side greater participation and democratisation; on the

negative side a disregard for institutions and a consequent lessening of institutionalisation, which ultimately damages democracy. In this chapter, however, the following main arguments have been made. First, democratic institutions in Latin American are inherently weak and have low levels of legitimacy due essentially to the great social cleavages affecting the region. It is a central contention of the present study that regardless of the effects of populism, this situation will be difficult to reverse if these social cleavages are not attended to. Second, I've argued in the present chapter, that institutions are not the summation of democracy but a *product* of democratisation. For the majority of Latin Americans, institutions are perceived as perpetuating the very social cleavages which need to be eradicated in order that democracy grow. Institutions, therefore, can be anti-democratic in their effects. It can be necessary, as many populists have done, to step outside the law, and act against institutions, in order to further social justice and citizenship. Populists, therefore, should be judged not just on their rule-breaking, but also on how far the rule-breaking goes, and how much it has contributed to the creation of a fairer, more equitable, and more truly democratic society. Analysts should, as Canovan (1999) warns, take seriously populist claims to democracy.

Fujimori grossly violated institutional norms and human rights standards, to install a neoliberal economic and social model in Peru and to impose peace on the country. His lasting achievements were the defeat of Sendero Luminoso, the defeat of hyperinflation, and the extension of the State into previously neglected areas, through infrastructural works. Fujimori, therefore, delivered somewhat on his electoral promises, but at a terrible price for many sectors who suffered impoverishment, imprisonment, or death, and with little gain in terms of political or economic participation. History will judge if that sacrifice was worth the advances made.

Chávez has implanted a novel constitutional model, which is currently being implemented in the midst of strong resistance from mostly privileged sectors. This has brought high levels of confrontation and heightened

polarisation in an already divided society. It has also brought greater inclusion and participation to many sectors previously excluded from Venezuelan society. Again history will judge if the price paid will justify the gains made.

As analysts, however, we must be careful to accept that both presidents, as populists, responded to the demands of their fellow citizens and believed rightly or wrongly that their actions reflected these demands. We must be careful not to judge them by too exacting a standard, but place them within their national, regional and international contexts in order to assess them fairly. And we must not blame them for structures and imperfections which already existed, but rather question how much they achieved in changing them for the better in terms of increased democratisation. We must also try to look at the whole picture and avoid concentrating on one aspect, such as institutions, which we may see as paramount, but may not be popularly perceived as the most pressing problem facing a country at a particular time.

Populism, Canovan (1999) states is the shadow of democracy itself, and as such populists rather than being the destroyers of democratic institutions, as portrayed by most analysts, in effect reflect the deep flaws inherent in democracy. As we have seen many of the most famous Latin American populist governments were institutional builders rather than destroyers. 'Neopopulists', that is populists associated with neoliberalism, have had a much more negative effect on institutions, destroying many of those created by previous populist governments. As Laclau (1977) claims, the manner in which populism manifests itself is often dictated not by the nature of populism itself, but rather the ideology to which it is articulated. Indeed Roberts (2000 p4) implicitly recognises this with his useful division of populism into "state-corporatist" and "liberal pluralist" subtypes. Populism, rather than being democracy's death knell, can instead be seen as an attempt to preserve it at least figuratively, and solve its many contradictions and paradoxes – institutions which serve the few, nominal political inclusion with crushing socio-economic exclusion. To paraphrase Castañeda (1993) populism is Latin America's great compromise between

revolution and democracy, between the dream and reality, between Utopia and stagnation.

In his conclusion, Roberts maintains that "populism feeds off the frailties of democracy, while often exacerbating them. Populism, then, is both a cause of democratic instability and a reflection of it" (2000 p20). In this chapter I've argued, however, that while populism does feed off democracy's frailties, it is class/race-based cleavages which cause these frailties and not populism. Populism, rather, is a reflection of democracy's inability to heal these deep divisions and thus legitimate and strengthen itself. Sometimes populism has strengthened democracy in its fullest sense by healing these divisions to some extent, and sometimes it has weakened it by destroying institutions and perpetuating these divisions. What supporters of democracy, have to ask themselves, is whether democracy can heal these divisions and widen participation within its existing institutions, or whether it must reinvent itself into a more radical version in order to do so, which goes beyond mere 'reform'.

7 CONCLUSION

7.1 *Introduction*

This thesis examines at a conceptual level the ability of populism as a theoretical framework to explain the two presidencies of our cases studies. The thesis, furthermore, goes beyond this frame to Habermas' legitimacy crisis theory to help explain the re-emergence of populism presidencies in Latin America. In order to do this, I designed a basic analytical framework, based on the literature on populism. Nonetheless I found that the literature on populism does not provide a sufficient theoretical framework to analyse our cases adequately. As a result I further added to the framework other literatures dealing specifically with legitimacy, ideology, hegemony and democracy. Using this fuller framework I investigated the origins, causes, characteristics, and consequences of both governments providing a comprehensive investigation of both presidencies within the context of globalisation. As such, the study not only provides insight into both presidencies and their respective countries, but also provides food for thought on theory on populism, particularly the need to place it in a wider theoretical context, and the impact and possible evolution of globalisation in Latin America. This conclusion will summarise the main findings of the study.

7.2 *The literature on populism and the Fujimori and Chávez presidencies*

In the Introduction to this thesis, the main pillars of the study were identified as the four C's, that is, the Context, Causes, Characteristics, and Consequences of both presidencies. Let us examine the findings of the study under these headings in a comparative manner.

7.2.1 Context and Causes

In the literature on populism the immediate context and causes for populist regimes are found in situations of crises. Analysts usually identify such

crises with immediate causes – economic collapse, social and political emergencies such as war. Much of these crises are identified specifically with the stresses and strains caused by modernisation. Germani (1965) and Di Tella (1965) amongst others particularly identify these stresses and strains as caused by industrialisation, migration and urbanisation. These processes create a disposable mass of people, still steeped in 'traditional' modes of thinking who are easily mobilised by strong charismatic leaders.

This 'functionalist' reading, however, leaves a number of questions unanswered. It does not examine critically the underlying historical context of populism's emergence in Latin America, most specifically the profound class/race cleavages and economic dependence on metropolitan countries inherited from colonial and early republican times. Moreover, if anything these inheritances have been exacerbated by modernisation processes, which nonetheless simultaneously provided paths out of poverty for many.

In order to investigate these more closely it is necessary to examine historical and sociological writings on the case countries. It is further necessary to seek answers in other sets of theory, of which one of the most useful in this context is Habermas' (1976) theory on legitimisation crisis. By examining in detail the reasons why liberal industrialised democracies maintain legitimacy we can find answers as to why Latin American democracies have not found such legitimacy.

In the case of Venezuela and Peru, the structural weaknesses outlined above undermined both countries democratic regimes' ability to secure legitimacy from their respective populations. Democratic governments repeatedly failed to heal these breaches and find autonomous, sustainable economic growth, leaving the majorities outside the mainstream of national life in the economic, social, political and cultural spheres (Chapter 2). Despite notable advances in the post-World War II period, by the 1980s economic and social crises brought on by the debt crisis led to great gaps developing between

government and people, allowing 'outsider' figures, in the persons of Fujimori and Chávez, to emerge.

Canovan (1999) points out that "...the sources of populism lie not only in the social context that supplies the grievances of any particular movement, but are to be found in tensions at the heart of democracy" (p.2). Populism, thus, is a product of the very weakness of democracy, and not simply a cause of its weakness, a theme that I return to in the thesis' last chapter, Chapter 6. While Peru and Venezuela have had markedly different historical experiences, resulting in quite different societies and cultures, they share these structural deficiencies leaving them in similarly fragile socio-political situations.

This is not to minimise those differences, however. Venezuela had a markedly different colonial experience to that of Peru, the latter country being the mineral rich centre of the Spanish Empire, while Venezuela was rather peripheral. In Venezuela there was a great deal more racial mixing, with the majority of the population being non-native, and much greater populations of Africans being imported to work the plantations. The result was a country with more relaxed racial barriers, a distinct Caribbean identity, and more horizontal social relations. Peru, on the other hand, had large subjugated indigenous populations and more hierarchical social structures, which resulted in a country with much more pronounced racial and cultural dualities than Venezuela.

These traits fed into the thoughts and aspirations which would result in Venezuela becoming the centre of the Republican liberation movements against the Spanish. These movements were native to Venezuela, the Liberator himself, *Símon Bolívar*, being Venezuelan, whereas in Peru there was little interest in severing the tie with Spain. Furthermore, ordinary Venezuelans played a much greater part in the liberation struggles than in Peru. The republican democratic tradition, therefore, is more widespread amongst the popular classes in that country.

These elements and the discovery and development of the oil industry in the twentieth century were amongst the principal influences in the long period of

representative democracy known as the *Punto Fijo* period (1958–1999). This period saw great advances in terms of education, health and employment for much of the Venezuelan population. Peru did not have such a long period of democracy, nor the oil wealth to finance modernisation, although the authoritarian leftist military dictatorship of the GRFA (1968–1979) did provide that country with a relatively similar experience of modernisation.

The modernisation processes experienced by both countries did not, however, lead to a sufficient lessening of inequality, despite major steps in that direction. Indeed they sharpened inequalities precisely because growth benefited particular sectors more than others, specifically the middle classes, the industrial working class, and national and international capital. This inequality was further sharpened by the economic crises of the 1980s and the beginnings of economic liberalisation programmes. As a result, the *Punto Fijo* democratic regime in Venezuela and the new democratic regime inaugurated in Peru in 1980, entered into profound legitimisation crises, losing credence with their respective peoples, leaving gaps through which 'outsiders', in the shape of Fujimori and Chávez emerged. In sum, it was democracy's very weakness, its inability to lessen race/class-based inequalities, which led the people of both countries to seek solutions outside their respective systems.

To sum up the literature on populism fails to provide an adequate framework from which to find the reasons for populism's emergence in Latin America. By using Habermas' theory of legitimisation crises in a comparative manner we can pinpoint more accurately the failings of democracy in Latin America which prevented it gaining the legitimacy that advanced liberal democracies enjoy. Indeed Habermas provides this thesis with an over-reaching structure, in his identification of the political, economic, social and cultural spheres, which is further explored in subsequent chapters.

7.2.2 Characteristics I: Populism and participation

In Chapter 4 we found that the Chávez government provides much greater instances of popular participation than the Fujimori government. As mentioned above, popular participation in the form of an extensive number of electoral processes and referenda were the principal mechanisms through which the new order was installed. Institutions were set up much more quickly in Venezuela under the 1999 Constitution and were more autonomous than in Fujimori's Peru. The process by which the 1999 Bolivarian Constitution was drawn up involved greater popular participation, and provided more participatory mechanisms than the CCD in Peru and its resulting 1993 Constitution. There was less infringement of human rights, and more associative autonomy in Venezuela. There were also greater levels of opposition, expressed through widespread, and often insurrectional, protest and a vehemently anti-government, privately owned media.

Yet the identification between leader and people rested not only on the charismatic power of the Venezuelan president, but on shared ideological and programmatic aims. In the words of Jesuit priest and political analyst, José Virtuoso, "...the popular sectors do not simply regard Chávez as the promise of populist breadcrumbs. The president has become a symbol which reflects the hope of inclusion, recognition and political protagonism for the marginal populations of the country" (cited in González Plessmann, 2003 p3). The greater levels of participation found in Venezuela, therefore, are related to the articulation with a social democratising and participative ideology, which, in itself emerged out of the stronger democratic republican traditions of Venezuela, further emphasising the importance of context.

In Peru, on the other hand, Fujimori's articulation of his populist project with neoliberalism led to an increased use of authoritarianism to impose that model on Peru, in the face of the scepticism of the Peruvian people of the model's benefits. His power was maintained not through shared programmatic aims, but primarily by an intense relationship formed between people and

president through the latter's personal control of the institutions of the country, and most importantly its welfare programmes. Furthermore, Fujimori's power was also maintained by a supportive media, a compliant Opposition, and a favourable international context, all of which aided and encouraged the government to install a neoliberal model. Both presidents, therefore, provided their constituencies with an "experience of participation" as Germani (1965) would have it, but the quality of that experience, its breadth and depth, was dictated by the ideology to which each project was articulated.

Similarly we find, in Chapter 5, greater levels of economic and social participation in Venezuela under Chávez. Chávez promoted a greater role for national capital, including State investment in national strategic industries and services. Privatisation processes were detained and micro-businesses, co-operatives and other less orthodox, but more popular, forms of business association were encouraged. Most importantly the government took full control of the national oil industry from its technocratic, transnationalised managers, allowing it to have fuller access to its revenues, in times of bumper oil prices. This was the key financial imperative which allowed such a political and social experiment to flourish in Venezuela, as opposed to any other Latin American country. In Peru, on the other hand, privatisation was rapid and quite comprehensive and the role of national capital and industry downgraded as foreign investment increased. Peru having less control of its raw materials, which furthermore were in much less demand than Venezuela's oil, could not put up much resistance to the demands of the international financial community.

In both cases, there was increased programming of poverty reduction strategies, but in Peru this was much more centralised in the hands of the President, and aimed at reducing poverty, particularly extreme poverty, rather than rectifying inequality. Workers in Venezuela kept most of their rights in law and indeed had many of them codified into the 1999 Constitution, while in Peru workers' legal and Constitutional protections were mostly abolished resulting in increased casualisation of employment. Efforts were also made by the

Venezuelan government to rectify inequalities in education and health through the various Missions, unlike in Peru where charges were brought into health care and there was little investment in the quality of education and health, although somewhat improved physical infrastructure.

To sum up, the Fujimori government implanted a fully-fledged neoliberal model in Peru, encouraged and aided by multilateral organisations such as the World Bank and the IMF, the US and transnational companies. The Chávez government attempted to construct a nationally based economy, based primarily on oil revenues, encouraging greater popular participation on every level of the political economy, with little support from outside the region, and in the face of tenacious and sometimes crippling opposition at home. Chávez, therefore, uses populism to buck the trend of increasing neoliberal hegemony, while Fujimori used it to further that hegemony. Globalisation nonetheless frames both populist governments.

7.2.3 Characteristics II: Articulation and antagonism

Habermas' theory shows us why Latin American democracies failed to gain legitimacy, thus leaving gaps through which populist leaders emerge. The question then is how these leaders capitalise on the gaps which form to gain and maintain power. Chapter 5 illustrates how both presidents formed similar hegemonic strategies to gain power. Both men, as we've seen, emerged on the political scene in times of profound crises. Both men also formed powerful social bases amongst the popular classes and to an extent the middle classes, using radical anti-status-quo discourses giving a central role to 'the people'. Once gaining power, both men set about radically restructuring the state of each country, using a variety of both coercive and persuasive tactics to form new hegemonies.

However, the notable divergences in the content of both presidents' programmes gave weight to Laclau's (1977/2002) concept of the "*logic of articulation*" (see section on populist theory, below). Both men swept away the

old system, yet Fujimori used force to a much greater extent than Chávez through the *autocoup* of April 1992. Chávez, on the other hand, consistently used democratic mechanisms, principally through a series of popular votes and referenda to install the new model. Most tellingly, neoliberalism and globalisation played very different roles in both men's hegemonic strategies. Fujimori set about implanting a radical neoliberal model in Peru, copper-fastening it in the post-*autocoup* 1993 Constitution. Chávez, however, used neoliberalism as a central element of his antagonistic discourse, placing resistance to it at the centre of the Bolivarian project. Instead he placed social justice and the search for a 'concrete utopia' as an essential discursive and organising principle in the construction of a new political culture, a concept at variance with neoliberal 'end of history' type concepts. Both men, therefore, used similar strategies to gain power – the exaltation of the people, the division of the social space into antagonistic camps, the centrality of the leader with a direct link to the people – but with fundamentally different ideological contents.

Consequently, the essential difficulty with the literature on populism as an adequate framework for examining the two case studies is its confusion over ideology. Populism is usually associated with ISI and state centred economic and social policies. Yet a central problem for analysis of populism is populism's ideological variety. This became most notable in the 1980s when analysts developed the theory of neopopulism to explain the rise of leaders with populist style but neoliberal ideologies. This was further complicated, however, by the emergence of Chávez who seemed to hark back to ISI/state centred policies but using similar tactics to so-called neopopulists.

This variety can only be adequately explained by Laclau's (1977) theory of ideological articulation, whereby populism can be articulated to any ideology or mix of ideologies, but is characterised organisationally by the relationship developed between the leader and the people. Populist programmes therefore are not uniform but are dictated by ideology rather than functionalism.

7.2.4 Consequences: Democratic illegitimacy and populist legitimacy

It is the concern for inequality and its negative effects on the national economy and national cohesion which fundamentally differentiates the Chávez government from that of Fujimori. In Chapter 4, I analyse the consequences of both presidencies on their respective countries. Most analysis on populism, while recognising that populism can have a social democratising effect on the countries that experience a populist government, nonetheless emphasise effects of deinstitutionalisation on those countries. In the case of Fujimori and Chávez however I argue that the Chávez government shows a stronger case of social democratisation and the Fujimori government one of deinstitutionalisation.

Fujimori, instead of pursuing a centrist, inclusive policy as promised by him in the 1990 election campaign, articulated his populist project to a neoliberal programme. Fujimori personalised social programmes into the Ministry of the Presidency, which consumed much of the social spending of the Peruvian State, and used this for blatant electoral purposes. Many ministries were sidelined, presidential decrees were the main means for law making and many of these were used either to further the neoliberal agenda and/or centralise power in the hands of the President. Congress essentially acted as a rubber stamp for the President's decrees, and the media, the international community, and much of the Opposition, actively supported the President or acquiesced too easily to this concentration of power. The result was severe deinstitutionalisation of the Peruvian state, with little autonomy of social actors including Peru's once vibrant social movements.

In Chávez's Venezuela, however, we find much greater levels of political, social and economic participation, with greater respect for the new institutions formed under the 1999 Constitution, and greater levels of autonomy amongst those institutions. Furthermore there is greater vigilance of the Chávez government by the Opposition, the international community and even groupings within the government coalition and the popular sectors that support it.

In sum, Fujimori emerged with one of the most radical neoliberal restructuring programmes in the region, which led to lower levels of democracy and institutionalisation. Chávez has gone the opposite route with a quite radical (in the current geopolitical context) social democratising project. The impact of both projects on the political, social and economic contexts of their respective countries has left a profound impression on their respective societies. Indeed the ramifications of their impact are still evolving, despite the absence of Fujimori from Peru and the deep rejection of Chávez by many important sectors in Venezuela.

7.2.5 Conclusion

To sum up, in relation to the four C's there are substantial differences, but also important similarities, in both presidencies. Both presidents emerged out of similar contexts of deep historical social cleavages based around race and class, and underpinned by systems of economic dependence. These social cleavages led eventually to situations of comprehensive economic and social crises, which then led to profound systems crises, causing the populations of each country to abandon the democratic systems in both countries wresting from them any form of legitimacy. As Habermas (1976) puts it a regime loses legitimacy when the society it leads is engulfed in chaos and meaninglessness. This was exactly the situation faced by both peoples and therefore they sought alternative leaders, from outside those systems, offering radical solutions.

Yet, both presidents emerged using similar methods in terms of power strategies, but with radically different programmes. Both Fujimori and Chávez used powerful antagonistic discourses against the status quo, with the concept of the people as a central element in both. However, the Fujimori government used fundamentally anti-democratic methods to further a radical neoliberal policy, while the Chávez government used essentially democratic means to enact a progressive programme furthering economic and social inclusion of the popular classes. The consequences of both presidencies, therefore, have emerged with

different emphases. The Fujimori government caused a much greater level of deinstitutionalisation, and a more clientelistic form of popular participation in Peru. It implanted a new neoliberal order into Peruvian society, codified into the 1993 Constitution, which has remained relatively untouched ever since. The Chávez government in Venezuela, on the other hand, has remained primarily within the democratic structures set up by the new Bolivarian Constitution of 1999, and has furthered an agenda of increased popular participation. Nonetheless both have emerged with high levels of legitimacy and this is due to a large extent to their ability to provide an experience of participation in each of Habermas' spheres, which went beyond that of the democratic regimes which preceded them.

In the rest of the conclusion I will examine, in the next section, what significance these findings have for theory on populism, and then go on, in the following section, to analyse what meaning they might have for the future of globalisation processes in the region.

7.3 Populist theory in the light of Fujimori and Chávez

One of the original aspects of this thesis lies in its use of populism as a tool of analysis, derived from a synthetic construction of an analytical framework based on the literature. Nonetheless as mentioned above theory on populism is not sufficient to provide answers fully to the study's questions. These centre on the continued relevance of populism in Latin American politics, its origins in the profound race/class cleavages found in the region, populism's ideological diversity, with, however, a programmatic emphasis on popular participation, and finally populist claims to legitimacy within a region with weak democratic institutions. Furthermore, the study also detected notable divergences between both presidencies within each of these commonalities.

First, a central dispute which emerged out of the theoretical literature on populism was that between what Roberts (1995) termed the

"historical/sociological perspective" of Germani (1965) and others, and the "ideological perspective" of Laclau (1977/2002). Central to Germani's theories was the belief that modernisation processes formed the context in which populism emerged in Latin America. Furthermore, Germani argued that populism was essentially social democratising, in that it gives the popular classes an "experience of participation" which is of more value to them than liberal democratic freedoms of, for example, association and expression.

Laclau (2002), however, emphasises that populism's difference lies not in any relation to modernisation processes, but rather its "particular *logic of articulation*" (p.2). Laclau shows us that there are not any actual *contents* identifiable as populist, but rather that populism arises out of a series of unsatisfied demands which translate themselves into antagonism and then into a populist rupture. He identifies a number of stages in the constitution of a populist moment. First, different social demands aggregate themselves into what he calls an equivalential chain, forming a 'popular subjectivity'. An 'empty signifier', in other words a 'leader', emerges to give coherence, to provide a 'totality', to these demands. Through various politico-discursive practices, the leader constructs a popular subject (the 'people') and divides the social space, forming an 'internal frontier', between the 'people' and the existing power bloc. Laclau therefore provides a more logical thesis as to why populism presents such programmatic variety.

In Chapter 2, the study shows that modernisation processes can have a bearing on the emergence of populism, in that they can create the conditions in which crises emerge, leading to gaps between democratic governments and the people which can provide a space for populist leaders to emerge. Nonetheless, this explains more about democracy's weaknesses and the reasons for populism's emergence, rather than the nature of populism itself. Functionalist theory does not delve deeply enough into the underlying causes for Latin American democracies recurrent weaknesses.

By examining Habermas' theory on legitimation in democratic regimes we can find answers to this question. If a democracy seeks legitimacy it must provide its people with a participative experience in every sphere of national life. Most people must have jobs, the state must be able to provide education, health and housing to the broad mass of the people; the majority must identify culturally with the prevailing ideology of competition and privatism - education, careers, leisure must be shared and realisable goals for the majority. And of course, there must be political participation, through elections. On each of these levels, however, Latin American democracies have failed their peoples, thus they have been unable to gain legitimacy: most people do not have jobs, or are seriously underemployed; vast sections of the population do not identify culturally with capitalist values, large groups do not have access to education and to health care, and its quality is poor for many that do. By looking further into the historical, economic and social context we find that the basis on which these exclusions are based are rooted in the inherited, and often interchangeable, cleavages of race/ethnicity and class. Moreover, change is very difficult to achieve due to the entrenched ties the elites with elites in the developed world, a situation further exacerbated and entrenched by globalisation. In sum, investigation into why populism emerges in Latin America must go well beyond the literature on populism to other theoretical frameworks such as Habermas and dependency theory.

The characteristics of populist regimes are neatly summed up in Laclau's 'people/power bloc' equation, above. Further to that, however, our case studies show that the manner in which populists gain power are aptly explained by Gramsci's theory of hegemony. Broadly speaking, both men's hegemonic strategies were similar, following Laclau's model. There was a centrality of the concept of the people, and the formation of a direct relationship between the people and the leader, established through a discourse antagonistic to the status quo. However, a key finding of this study is that ideology is the essential element which explains the major differences between Fujimori and Chávez. The Fujimori

project was a radical implantation of neoliberalism into what was once an essentially state interventionist political economy, emphasising the market, individualism and the minimal state. The Chávez government, on the other hand, is constructing, or more accurately reverting to, a state-interventionist economy but with a radical social democratising content, emphasising equality and participation. In this way, Laclau's theories have proven to have greater analytical power than Germani's to explain the seeming dichotomy of the various similarities in both presidents power strategies and their quite different programmatic content. Laclau's theories nonetheless are indebted to Gramsci who provides us with a comprehensive theoretical framework in his 'war of manoeuvre' and 'war of position' strategies. The combination of legal, semi-legal and illegal strategies used by one or the other president is covered by gramscian hegemony theory. In Gramscian theory, however, the hegemonic strategy is independent of ideology. Both presidencies can be termed 'populist' due to the similarities in their hegemonic strategies – but their characteristic differences in terms of programme are primarily dictated by the respective ideologies to which they have articulated their projects.

This central finding helps explain a number of divergences found between the two presidencies throughout the study. In Chapter 3, economic and social participation is found to be limited in Peru to the provision of goods and services to the client group, in a word clientelism, but in Venezuela that participation is much greater and found in many more areas of national life. In Chapter 4 we find that there are greater levels of political participation in Venezuela than in Peru, with a more vibrant participatory culture in the areas of electoral contests, institutional and associational autonomy, human rights and the media. In Peru, on the other hand, politics is centred almost exclusively on the person of Alberto Fujimori, and any form of participation is primarily channelled through him. Thus, the study finds that the concept of participation is crucial in both cases, but the extent of participation depends on the ideology with which the specific populist project is articulated.

Chapter 6 brings the tension between anti-democratic and democratic elements in the life of both nations into focus. Here I point out that it is this historical context, further bolstered by the current international context of neoliberal hegemony, which wrests legitimacy from democracy, preventing it from fulfilling its potential. Populism, rather than being a cause of the deinstitutionalisation of States, as much of the literature asserts, is instead a symptom of democratic regimes' and their institutions' inability to gain legitimacy. Fundamentally, this failure is due to their inability to truly lessen the burden of inequality, based on race and class, in both countries. The existence of democratic institutions is not in itself evidence of the existence of democracy. Rather, it is the perceptible lessening of inequality on the economic, social and political levels, which is a true sign of increasing democratisation. Democracy in this sense is, or should be, as Nef (1995) calls it, "a genuine participatory system of governance based on justice and equality" (p.104).

Rueschemeyer et al. (1992) assert that "...it is the contradictions of capitalism that advanced the cause of democracy" (p7). Capitalism causes inequality providing the impetus to those affected most by that inequality, the working or popular classes, to insist on greater participation, putting democratic curbs on capitalism. Often, as Nabulsi (2004) points out, that insistence must sometimes step outside the realm of institutionality in order to further the agenda of increased equality. Populism is one of the major vehicles used by Latin Americans to attempt to achieve that, and both governments studied were accused of stepping outside institutionality. Both presidents, moreover, came to power in situations where 'democratic' institutions in both Peru and Venezuela were perceived by the peoples of both countries as fundamental in preserving *inequality*. In this way, therefore, they ceased to be democratic.

Indeed rather than populism being an opposite of democracy, as much of the literature seems to suggest, this study underlines populism's intimate relationship with democracy. As Canovan (1999) explains the hope that democracy gives in its promise of equality, its redemptive side, can be

compromised by its equally powerful pragmatic side that is "democracy [as] a way of coping peacefully with conflicting interests and views" (p10). Yet "the power and legitimacy of democracy as a pragmatic system depend [...] on its redemptive elements. That always leaves room for the populism that accompanies democracy like a shadow" (p16). Indeed, populism is, as Arditì (2004) clarifies, commenting on Canovan (1999), "a possibility embedded in the very practice of democracy" (p141).

Therefore, we must also, in accepting the "embeddedness" of populism in democracy, accept the populist claim to democratic legitimacy (Canovan, 1999 pp.6–7). Analysts in counterposing populism to democracy, and criticising it for "deinstitutionalising" it, forget the context and reasons why populists such as Fujimori and Chávez achieved power in the first place; the existence of inequality and the failure of democracy's redemptive power in overcoming it. Even those analysts, such as Roberts (2000), who do recognise this suggest institutional reform as a means to prevent populism emerging. I argue in Chapter 6, however, that only by being seen to tackle the root causes of inequality can democracy gain legitimacy, a task much greater than mere institutional reform and, to an extent, dependent on global conditions, as the following section will explain.

7.3.1 Populism, globalisation and democracy

In the Introduction to this thesis, and in Chapter 3, we saw how neoliberal globalisation has increased inequality in the region, and consistently undermined many democratic governments' effectiveness in tackling that inequality. Increasingly in Latin America, democratic regimes are seen not as the protectors of the liberties of their peoples, *all* their peoples, but as agents of neoliberalism. They have become as Nef (1995) terms them "receiver states", "highly transnationalised and weak [...] [acting] in partnership with foreign creditors and international financial institutions as manager, executor, and liquidator of [their]

own bankruptcy" (93). This role limits democratic governments' ability to tackle inequality, which should be the central role of democratic institutions, making their task to gain legitimacy even more difficult still.

Yet it is not just in Latin America that inequality is increasing, I argue, but rather it is a worldwide phenomenon. Democracy is in peril as neoliberalism advances in the region, as the UNDP (2004) report on democracy attests, and, as Jacques (2004) maintains, throughout the globe. We have then the curious dichotomy whereby in Latin America there have never before been so many democratically elected governments in power, which nonetheless are powerfully constrained in meeting their electors wishes and furthering an agenda of equality. These constraints are primarily as a result of the one-size-fits-all straitjacket of neoliberal globalisation, which in the form of the Washington Consensus (see Introduction) has drastically reduced states' room for manoeuvre in formulating policy which can create a truly participatory political, social and economic environment (Chapter 3). In such a situation it is doubtful if 'actually existing' democracy in Latin America will be able to achieve the legitimacy it needs to survive. We see this situation clearly, for example, in the case of President Toledo of Peru (2001–present) who has been unwilling or unable to alter the *fujimorista* neoliberal model in any substantive way, and thus throwing Peruvian democracy into further crisis. In such a constrained atmosphere, it would not be surprising if populism continued to emerge further in the region, and break those constraints, (i.e. to go against 'institutionality', that is, neoliberalism), in order to lessen inequality and promote social justice, as Chávez has done.²³⁹

In this way, the present study underlines the importance of placing populism firmly within context on the local, regional and international level. Populism in Latin America is usually a local response to global structural conditions, which can manifest itself as a vehicle of those conditions or as a

²³⁹ Nonetheless, it should be recognised the 'exceptionalism' that Venezuelan oil gives to that country.

reaction against them. If populism is to be prevented in the future, democracy must be radically improved to truly further an agenda of equality and justice. In the present context of global neoliberal hegemony, this would, however, require profound structural change on all those levels. Failing that, populism will continue to emerge, sometimes enriching democracy, sometimes damaging it.

7.4 *The study's originality and areas for future research*

With these central arguments the present study provides a number of original perspectives on the Fujimori and Chávez presidencies, and addresses many of the flaws identified in the literature on populism, particularly around the areas of context and consequences. This section will look at these more closely, while pointing to possible future areas of research.

7.4.1 The challenge of Chávez to neoliberalism

The thesis provides an increased understanding of both presidencies, individually and in comparative perspective. Little work has been done comparing Fujimori and Chávez, despite comparisons often being drawn between both presidents, particularly in the media. The framework based on populism has provided a very rich and comprehensive comparative structure, while also providing the basis for a detailed enquiry into the nature of each of these presidencies. By comparing these two specific presidents, the study places accusations of the authoritarianism and autocracy of both presidents into sharp focus. This is especially important in the case of Chávez which is a relatively new presidency, quite distinct from others currently in power in the region, and about whom little work has been done. Chávez has been repeatedly described as a 'tyrant' and an 'autocrat' as well as a 'castro-communist'. This thesis has shown quite forcefully that such accusations are groundless, and that the Chávez

presidency is, as Ellner and Hellinger (2003) underline, much more complex than that.

Furthermore, the evolution of the Chávez regime will provide fruitful areas for research, particularly on how the Chávez government is redefining Venezuela's relationship with globalisation processes, and the impact of that redefinition on other governments in the region. This thesis provides valuable material for future researchers who might take up that task.

7.4.2 The 'fujimorisation' of Peru

The present study raises questions too about analysis of the Fujimori presidency, which could also provide possible future areas of research. Whilst this study accepts the analyses of the regime to date, most of these analyses are based on the negative impact of the Fujimori regime on the democratic institutions of Peru. This indeed was one of the central themes in the reestablishment of democracy after Fujimori, and an important electoral plank of the government of President Alejandro Toledo Manrique.

Yet little recognition is given to the fact, highlighted in this thesis, that Fujimori's central achievement was the erection of a neoliberal economic, political and social edifice which today remains relatively untouched. Thus we have a case in Peru which is in some ways similar to that of Chile after Pinochet, where the essential system was in effect a continuance of *pinochetismo* without Pinochet. In Peru, under Toledo, the economic system implanted by Fujimori remains more or less intact, and Fujimori's Constitution of 1993 still remains in place – *fujimorismo* without Fujimori.²⁴⁰ Inevitably the desire to see the return of the main architect of this system, Fujimori, remains strong in Peru, as the profound centralisation of power in his hands has seemingly left the system with little direction. How is it that this has been the case, and what role did populism

²⁴⁰ There is however a Parliamentary Commission reviewing the 1993 Constitution, and some laws have been enacted dismantling *fujimorista* anti-terrorist practices, such as trying civilians in military courts.

play in it? This question points to a further area of research which could be explored.

7.4.3 The global and the local: future populisms

One of the areas identified in which much analysis of populism fails is, as pointed out earlier, the context in which populist governments emerge, and their consequences for the societies which experience them. This thesis addresses this failure by providing substantial chapters examining both these issues, and so contributing to an overall placing of these two presidents within an international context – that is globalisation. By doing so, it helps point to the centrality of the interaction between the local, the regional and the global in theorising on the emergence, characteristics and consequences of populist government.

Much writing on populism in Latin America concentrates primarily on the internal national and regional dynamics of populist governments, at the expense of the wider context. Yet Latin America and its individual countries do not live in a geopolitical vacuum. This influence of global structures on populism is an area worthy of further research, within the general theoretical literature and in individual case studies. This thesis' approach of placing both presidents within the context of globalisation goes some way to closing that gap.

Furthermore, the decision to use populism as a framework for the study of both presidents rather than as a concept – a concept which, it could be argued, remains essentially contested – nonetheless adds to the theory by giving it movement. Key findings, such as the central use of articulation to further essentially different populist projects, throws into sharp relief the inadequacy of the literature on populism to examine presidencies such as Chávez or Fujimori. The coining of the 'neopopulist' label to attempt to explain the re-emergence of populism in the 1980s is symptomatic of this failing. This thesis has advanced a new approach to the study of populism in Latin America by providing a theoretical framework to study it which is a synthesis of the literature on populism and frameworks derived from other theoretical frameworks: on

democracy, democratic legitimacy, ideology, hegemony and globalisation itself. The exploration of both presidencies is therefore embedded in this new theoretical synthesis which provides a much broader framework to tease out and examine in detail the similarities and divergences of both.

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