

HC Undemocratic, and Archenemy of the Poor

30-9-08

The myth that HC is a godsend to the poor must be debunked. He may seem interested in the poor, be a modern day Robin Hood, he may have lots of followers within the country and abroad. They are probably influenced by so much propaganda, specious arguments, promises and hate talk about the rich. He may dazzle them with giveaways of all kinds, as long as his oil wealth lasts and their political behavior is adequate. If the latter is not, then they are traitors, coup-sters and lackeys of the "American empire". His help makes people dependent on him. It is never related to more capabilities and opportunities to succeed independently of him.

With so much wealth coming from oil, HC has lost an extraordinary opportunity to make of Venezuela an economic power with a large sovereign fund to cushion for an eventual fall down of the oil prices.

There are for sure many poor that regret supporting him at the beginning and suffering like never before.

Some reasons to provide evidence of what a nemesis to the poor HC has been follow:

__Inflation. Only in Zimbabwe have the people suffered inflation of prices higher than in Venezuela. In almost ten years of HC the government recognizes prices have multiplied almost 7 times. Most likely this figure is underestimated. Money in circulation has increased 16 times. The price of the dollar has increased 7 times. All these increments in spite of dictatorial price and exchange controls since January 2003. Inflation usually hurts all society, but the worse hit is for the poor.

Minimum salaries have increased 8 times, in parallel with (underestimated) official price index. HC says that at official rate of exchange the present minimum of Bs 799 equals US\$372, the higher in Latin-American. But the official rate of exchange is one that almost no one can get. If it is compared with the free unofficial rate, then the minimum salary is only US\$200 per month. The comparison of that minimum to the price level with the rest of Latin-America is crushing, because the average price level in Venezuela is higher.

Average wages increased HC's time in considerably lower proportions than the minimum wages--they are now barely above the minimum wage. Many people working for the government, including "interim" teachers earn much less than the minimum.

__Oil price. HC is greatly responsible for the increase of the price of oil. He revived cartel OPEC that acts illegitimately to increase prices and pretty much destroyed the Venezuelan oil producing company Petróleos de Venezuela--Pdvs. Venezuelan output of oil steadily declines and is much less than what they claim. HC would (rightfully) cry foul if food producers around the world got together in a cartel to plan cuts of output whenever they thought the increment of the price would be for their convenience. He would never allow any company established in Venezuela to reduce production in order to improve their profits.

It is true that he has tried to help most Latin-American governments with their energy bills. Nevertheless, the people in these countries he subsidizes are still paying energy bills they can not afford and suffering higher food prices associated with the high price

of oil. Their governments have painfully realized that they depend on him and thus must always follow his leadership and never dare to criticize him. The poor in Asia and Africa rarely subsidized by HC are seriously affected by the price of oil increments. In the Dominican Republic they know how the flow of oil can be cut if their government displeases HC.

__Crime. The levels of homicides have increased dramatically year after year under his watch. Official figures have become a state secret. They can only be known when illegally leaked. In 1998 prior to his arrival there were 4500. In 2007 they were 12.000 plus, most of them poor and young. For every death there may be between 20 and 40 others wounded by bullets.

Only in Caracas there were 4160 homicides in 07, 130 for every 100.000 people, the highest rate in the world, very likely underestimated. It is 67% higher than in 1998.

The Police Department estimated for 2006 that there were 8 million light arms in the hands of the people. Often we see civilians backing HC using war (long) arms and lobbing tear gas bombs. On 20-9-08 a grenade exploded in the populous district “23 de Enero” injuring 19.

When HC was explaining the benefits of housing made of a certain plastic (policloruro), un-expensive, fresh and easy to assemble, made by the local petrochemical company, he celebrated that they were “bullet proof” as well (Alo Presidente 308, 30-3-08)

Talking to the distressed bus drivers (Alo Presidente 313, 5-6-08) he promised them that he was ready to restore their personal security putting one or two policemen in every unit. (These buses are small and exist in the order of 350.000).

A main reason for so much crime is international drug trafficking, which the government tolerates to say the least. Unfortunately, the drug merchants tend to pay for their services got in Venezuela with drugs, which are then distributed and consumed here.

__Roads. The country might be blessed with large quantities of oil, but there is no asphalt to pave the roads. The country is losing the extraordinary network of roads built decades before. Because of lack of maintenance, pot holes are everywhere, some are real craters that can cause the death of drivers. Some of these craters can be opened in minutes by underground water. Stunning fall outs of edges of roads are almost daily shown in newspapers. One reason, drains and sewers never maintained often go astray. This has serious consequences on the health of the people.

Because hardly ever additional roads come on stream, urban and intra-urban mobilization is extremely slow. Masses of people living only a few miles away from the city of Caracas, must wake up hours before dawn in order to go to work or to school. The whole economy is affected by extremely slow traffic.

__Outages. It is an inherited problem for most of the country that gets worse every day. In most of the large geography of Venezuela, there are outages several times a day—before HC and worse after. The state owned companies lacked the funding, the know how, the ability to import their equipment, and the human capital motivated well enough.

The greater Caracas was spared of the problem. It was managed by a private company (Electricidad de Caracas) who produced well ahead of the needs and had a perfect distribution system and service. HC nationalized the company in 2007, in spite of the meager record the state companies have shown during at least five decades.

Immediately the outages in the greater Caracas started to appear. Only the stoppage of the underground massive transport system in Caracas creates mayhem.

Orimulsion, a by product of heavy oil infinitely abundant here, invented by Pdvsa, good to feed at low cost plants that produce electricity, was capriciously killed by HC in 03.

Housing. Venezuela was before HC well known in the world for its slums, generally on mountains overlooking the mayor cities. HC made strong arguments about the need to build decent homes. Housing is a major fixture of his long Sunday TV program. His craving for dignified homes has given him lots of popularity. He made agreements with China, Uruguay, Byelorussia and Iran. The latest with Portugal. He created new funds, increased taxes, announced new indigenous materials, such as wood, plantain, and policloruro. Yet, realizations are quite meager. Government figures are not credible, nevertheless they usually are under 60.000 per year (have been as low as 9000 in 03, 13.000 in 04) considerably less than in the previous decades before the revolution. In a country that sees some new 250.000 new families per year, the housing deficit increases year after year. The Department of Housing recognizes the deficit is now in the neighborhood of 1.800.000.

The government has asked private constructors to get out of the business and later backtracked. At the moment they are tolerated, but the rules for financing their projects are too complex. Bureaucratic paper work is higher than ever, and inspectors of all kinds cripple their management.

The excuse of late has been that private companies producing steel and cement were exporting their products to the detriment of local housing. This is mainly incorrect. Any way, HC decided to nationalize both industries. The taking of the steel company (SIDOR) was announced on 9-4-08 and the talking of all the cement companies on 3-4-08.

If these products were scarce in the hands of private companies, they will be much scarcer under nationalized companies. The experience with all companies run by the state in Venezuela is devastating. Already the steel industry is in obvious decay.

Food. Farmers, importers, processors, intermediaries, wholesalers, retailers have all had to work against harsh laws and an unfriendly government willing to check on their prices, profits, taxes, inventories, their suppliers and their customers. All this since price and exchange controls were imposed in January 2003. Immediately after, the harsh controls brought scarcities, up to this date.

At the moment a merchant found guilty of violating the price controls, or of hoarding, or failing to buy to sell thereafter, may be condemned according to the law up to 10 years, longer than if accused of armed assault.

The most conspicuous of the large catalogue of intermittent food shortages has been natural milk. By April 03 the press was signaling the fading away of the traditional brands and the emergence of new unknown brands-- not necessarily of pure milk-- coming from Colombia. By April 04 milk widespread deficits occupied a good part of the independent press. The milk scarcities lasted until April 08. For four years the healthy development of babies and growing children of all economic levels were at risk. Many large farms, no matter how productive, were overtaken by the government, collectivized and brought to a stop. Genaro Méndez president of National Federation of Cattlemen (Federacion Nacional de Ganaderos) whispered that two million producing Hectares were taken since January 2000. Now only 2% of them are active (El Nacional 8-5-08).

Mr Méndez has also stated that Venezuelan producers were able to pretty much satisfy beef consumption until the controls began in January 2003. By 2006, 42% of the needs had to be imported.

Other ubiquitous scarcity is rice. In 99-00 the country produced 500.000 tons per year, some of it to be exported. Now it produces half of that amount and we find it difficult to cover the deficit with imports. There is a chronic shortage.

Sugar has problems with price controls, numerous farm invasions of all sizes promoted by the revolution that put an end to production, nationalized mills that are idle, useless Cuban help and much touted new state own Ezequiel Zamora mill announced in Aug 02 still not complete.

There are entire towns depending exclusively from a sugar mill, with grassroots workers paid in proportion to the income obtained by the mill. A low and frozen sugar price dictated by the state, means low income to the field workers. One example is La Pastora town in Lara State. Consumers often can not find the product.

Coffee producers and processors are collapsing as of this writing. Their prices frozen since 2005.

__Garbage Collection. Before HC there were many private companies working to solve the problem at least in most of the municipalities. They were associated with multinationals, had the know-how and the funding through their fares (controlled with some flexibility by the local governments). They were susceptible to complaints either by the people or by the local governments.

But the Bolivarian revolution froze their fares since 2005, spurred labor unrest, made difficult the import of necessary equipment that is not produced here, and tried to substitute these specialized companies by cooperatives. The service has deteriorated badly. It is a major cause of the advent or re-appearance of diseases we thought overcome decades ago. It is fair to say that in every town there is an ever-present odor to which so many were not used to.

In Caracas, there are two municipalities where most of the well to do live. These are the municipalities of Chacao and Baruta. Both local governments --exceptionally-- have never been in the hands of the revolutionaries. So, the Federal government with the help of the other municipal governments surrounding them in the hands of the Bolivarianos, have been making impossible the garbage collection and disposal of these two areas where they have been rejected by the voters. Yet, many poor people also live there.

__Diseases typical of poor countries reappearing. Doctors are preoccupied with the return of mumps, tuberculosis, chicken pox, whooping coughs (tosferina), measles, malaria, typhus, dengue, yellow fever.

The weekly epidemiologic bulletin issued by the Health or Sanitary Department has become secret since December 07. It used to be a major guide to doctors, since the 40s. It is shocking to learn that the Panamerican Office of Health (Oficina Panamericana de la Salud—OPS) has not denounced this omission so critical to the medical profession here and even worldwide. These diseases have reappeared due to poor preventive programs such as vaccination and fumigation, garbage inadequately collected, drains clogged, and poor quality of the water. All these problems are associated with poverty. Venezuelans thought they had been mostly overcome by 1980.

Only HC has kept secret the epidemiologic weekly bulletin.

__Curing the ill, or the wounded. No one questions that gratuitous assistance to the poor was far from satisfactory when the revolution arrived. Nevertheless it must be noted that there were plenty of good doctors around.

HC has declared war to our doctors and called Cuban doctors to create a new system called Barrio Adentro (Inside the slum). HC recognized as many as 30.000 Cuban doctors in Alo Presidente 302, 27-1-08. Venezuelan doctors working for the Health Department barely get a monthly salary of US\$325. They are truly serfs of the state. The hospitals where they work are practically abandoned, in worse situation than before HC's time. Personal security is also a major problem for them and to their patients. For those reasons large numbers of our doctors have fled the country. There are cases documented by the Medical Federation where they have preferred to earn a living as taxi drivers or as peddlers in the streets. The Venezuelan doctors feel as the most notable slaves of the regime. With such frustrations, they can hardly perform. To survive, they have to spend most of their time in private practice. Traditional hospitals where the majority of the poor go, as many as 249, have too few doctors. Those few can not attend so many (poor) patients. The Barrio Adentro System run mainly by Cubans is not meant to solve emergencies.

The traditional medical schools no longer find students willing to specialize through post graduate work. There are new schools recently created by HC, like Universidad Bolivariana de Venezuela. They offer medicine studies-- Cuban style. In only three years they graduate doctors. The National Academy of Medicine complains that they have been unable to gain knowledge of what their program of studies is. It is suspected that it is heavy on communist ideology.

The qualifications of the Cuban doctors are more than suspect. Medicine in Cuba was always far behind than in Venezuela. The Cubans, regardless of their capabilities cast in doubt, will not be here forever. New generations of Venezuelan doctors do not have bright prospects if they study only three years and refuse to specialize.

The Barrio Adentro Cuba/Venezuela program is engaged in construction of new facilities that may look impressive, but when finished they seldom are opened to the public, and also, not many people seems to be eager to knock at their doors.

There has always been first class private medicine in Venezuela. Though it is anathema to the revolutionaries, paradoxically they have given to all their employees insurance so they may attend the private clinics. This new perk has been fundamental for their support. So, many new customers seeking the private sector attention have overwhelmed it. It can not cope with the new demand. Yet, no one is interested in expanding private facilities, since private medicine is the riskiest of all business.

All the high ranking functionaries hate private medicine, but when ill they want nothing but it.

The nurses, most of them from humble backgrounds, are exploited in a similar manner the doctors are. They have to work two shifts to barely survive. Not surprisingly they tend to flee the country or drop the career. They are extremely scarce.

--Education. The revolution wants total control of it. This means their own revolutionary school programs sowing the values of socialism, with little or no science. It wants to form a new man, as their venerable Che Guevara proclaimed. Each school should be a center for discussion of community problems and for the furthering of

socialistic ideas. Since the younger ages, children should learn to recite praising the top Commandant and Benefactor, as we are used to see on his TV show.

Education given by the government where most of the poor go has for decades been very poor. Teachers are not motivated to do well their job, the structures of the schools usually are a shame, too often the schools are closed, too often the teachers still enrolled do not show up for work.

Nevertheless for decades there have been large and very effective programs carried by the Catholic Church giving instruction and values to the poor for symbolic fees, at times completely free for those unable to pay. These programs still exist, but the government dislikes it, cuts and delays their subsidy, imposes programs and books, defames the Catholic Church, makes it impossible to expand.

Private schools not for profit or for profit as well have always been much better than public schools. About 15% of Kto12 students go to the private system. The children of the revolutionary always go to private schools. Yet, HC wants these schools closed. His way to eliminate them is to allow them price increases, if any, way below the official rate of inflation. He prohibits parents agreeing themselves to pay over the ceiling he establishes, and prohibits parents to donate to the schools their children attend.

Furthermore it is next to impossible for a teacher to earn a living. The government does not pay a decent salary and the private sector can not afford to do so with their fares maliciously controlled. Those with a vocation to teach must depend on their spouses, or have a second job. The teachers are disappearing fast. Some schools circumvent the problem simply exempting the students from taking those subjects for which there are no teachers. Others go hunting to colleges to find students that might try a stint working as teachers, taking all kinds of risks. Of Course, for these college students, their jobs as teachers are less important than their own college activities.

There are as many as 600.000 youngsters out of the school system, but also incapable of finding a job for lack of abilities to work. A system to train youngsters in such a bind for work, created in the early sixties that certainly needed to be improved, has been morphed by the revolution into a system only dedicated to indoctrinate youngsters in socialistic ideals.

— **Transportation.** People consume themselves waiting in line for a bus, or riding on them. Reasons: roads are too congested and in bad shape. Buses are undersized and too few since owners are allowed to charge far too little for their services. Progress of subways is way behind necessities. In almost ten years, despite so much bragging the Bolivarians have managed to add to the mass system six stations within the greater Caracas, seven in Valencia and two in Maracaibo.

— **Gas for cooking.** The majority of households use butane gas kept in cylinders in order to cook. Its prices have been frozen since 2003. Production has diminished 30-35% since 2002, as a consequence of reduced activity of state own company Petróleos de Venezuela. The whole distribution system of butane gas, a major part of it nationalized since Aug 30-07 has collapsed. Old trucks have not been renovated and the cylinders are insufficient, old and untested.

Deliveries are slow at best, non existent any more to the door of the shanties. Client wait can take weeks. At the end, those getting it belatedly, pay several times more than the mandated price. In the desperation, many resort to cooking with coal and firewood¹.

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In 08 we have seen 9 people dead and 17 wounded because of unfit cylinders or installations not done by professionals. There are 2,1 million old cylinders circulating, more than half with their hydrostatic tests long overdue.

__Collapsing activities due to price and exchange controls. Mentioned above are glimpses of the problem of delivering liquid gas for cooking, producing and distributing rice, meat, sugar, coffee, bus transportation, garbage collection and disposal, private schools....

To those moribund activities, we must add the cases of bread producers, gasoline distributors (price is only 7 cents a gallon), parking lots (price per hour is US\$0,27 in all places), rented homes, domestic airlines, industries depending on sugar. The problems created to all these businesses mean serious inconveniences to the people, and also very low salaries and employment opportunities.

__Television Station RCTV taken out of the air on May 27-07. Now it can only be seen through the cable, often expensive for the poor. It affected the poor because it meant the end to so much entertainment and news they used to get for free. More importantly, it was the end of a large scale network that denounced corruption and showed the daily protests on the streets, including those of people with red shirts showing that they were Bolivarian—yet trying sending messages.

__Fishers. Large scale fishing is being prohibited. A new law that regulates small scale fishing mandate fisherman to give away at least 5% of their fish to the community or to a state owned factory.

__Union leaders often assassinated. From the beginning HC wanted unions that he could control, not independent unions. To get that, he imposed new unions in the factories, even though there already were others with a long tradition and elected by the majority of the workers. The department of labor would only recognize the newly created Bolivarian unions, no matter if they did not represent but a distinguished minority. In the construction sector there may be several unions, most of them pro-Chavez, scrambling to get their own workers on the jobs available. The leaders of these unions charge heavily every worker that get a job through their help. The rivalry that ensued has caused the death of many union leaders done by hired killers, a problem unheard of before the revolution. More than one hundred unionists were killed in 07. In 08, only in Bolivar state we have seen 11 violent deaths. No investigations are known to the public.

__Exchange controls. These controls imposed since January 03, inflict a heavy burden on all businesses, the citizenry and the government. It is illegal for any one to exchange with his neighbor just one US dollar or euro for the local currency, or vice versa. One manifestation as to how these controls directly affect the poor is the travails they have to overcome to send some money to a relative abroad. In fact, millions of Colombians struggle to earn a living in Venezuela. When they want to send some money to their relatives in Colombia, no matter what the urgency might be, several permits must first be obtained and endure several long queues, to send a maximum per month of US\$300. It takes days of patient labor for the sender and also for the receiver, who has to notarize his address and prove the family relationship, to have the transfer done. Struggling

workers of other nationalities like Peruvians, Ecuadorians, and Chinese are forced to a similar ordeal.

__Obstructing commerce with neighboring Colombia. According to the law there is free commerce to Colombia. But there are products, particularly gasoline (priced about ten times higher in Colombia) and some foods with price controls like milk, rice or sugar that have a natural tendency to move from low price Venezuela to higher price Colombia. Because the government does not like to see our heavily subsidized products to flee to Colombia, it has tried to discourage it. Since it never succeeded, it has taken drastic measures that affect masses of people living near the frontier with Colombia. It makes sure that these Venezuelan products will not cross the frontier by “making them unavailable” in the frontier states. So the people living near the frontier are forced to live in a state of war, where the most important products are rationed. Paradoxically, many Venezuelans living near Colombia must go to Cucuta-Colombia in order to find what they can not find in their own country. To get gasoline in their own country, they may buy it only on certain days during short hours, they may not buy enough to fill their own tanks, and the police will check when the client bought gasoline last.

__Pdvs workers mal treated.

Oil workers joined a widespread strike called by the Workers Confederation of Venezuela and The Confederation of Entrepreneurs together that lasted during December 02 and January 03. For joining a strike, as many as 18.000 workers were not allowed to return to work. They were fired without any of the legal severance payments due to them, and without their own savings and rights of pensions. A few days after another 5000 workers were fired for not declaring their support to the revolution. Thousands of them lived with their families in housing complexes owned by Pdvs. Since June 03, the armed forces began to evict them with bullets and tear gas, even where there were infants. Workers (with their families) of all levels, including blue collar went through this ordeal.

Pdvs went downhill since then, producing less and less. Serious workplace accidents have increased. Just as an example, on 7-11-05 there was an explosion in a refinery with 20 workers seriously burned. Five of them died. El Universal 26-11-05.

__Jails. The worse of Venezuela are its jails. At the moment there are some 22.000 prisoners in them. In the first nine years of HC, 2993 have been killed and 10.065 have been wounded. The authorities can never stop the inflow of arms, nor the prisoners killing themselves with the arms the authorities should not allow to enter. The majority of the inmates have not yet been convicted. Conditions are totally un-human. No one rehabilitates in a Venezuelan jail. For more on these jails see Observatorio Venezolano de Prisiones www.ovprisiones.org

There are at least 23 political prisoners (29-9-08), held in special security jails, some with no natural air or light, where sanitary rooms can be as few as one toilet for 25 inmates and without a space to ever see the natural light. The courts can be so cruel as to incarcerate for as long as 16 years the labor leader Carlos Ortega for attempting to lead a general strike during December 02 and January 03. Ortega managed to escape and now struggles to survive in Peru. Other notable inmates are Humberto Quintero, a National Guard Lieutenant Colonel for the “crime” of capturing in Caracas the FARC “chancellor” Rodrigo Granda and handing him to the Colombian authorities. Mr.

Quintero was tried and sentenced to 44 months. He has already served that time, but is still confined. There are three police commissars (Ivan Simonovis, Henry Vivas and Lázaro Forero) and eight lower level policemen, accused of taking part in the killing of three protesters and 35 wounded on April 11th-02, but in more than 6 years they have been unable to prove them guilty. That ominous day the TV cameras captured several Bolivarians shooting at the people, but those were swiftly absolved of any wrongdoing, and are considered by the revolutionaries as heroes.