

Trade unions in Venezuela

Socialism v labour

May 7th 2009 | CARACAS
From *The Economist* print edition

Curbing opposition to chavismo

HIS government espouses “21st-century socialism” and claims to stand for the working class. Yet Hugo Chávez, Venezuela’s president, has never been a fan of his country’s trade unions. He portrays them as corrupt vestiges of a capitalist past and of the previous political order. Ever since he was first elected, in 1998, he has sought ways to bring them to heel. Having first tried and failed to take over the main trade-union confederation, he encouraged a pro-government rival. Now he wants to bypass the unions altogether, by establishing in their place “workers’ councils” that amount to branches of the ruling Unified Socialist Party of Venezuela (PSUV).

A bill in the government-controlled National Assembly would eliminate collective bargaining and give powers in labour matters to the new councils. “The government’s policy is the total elimination of the union movement,” says Orlando Chirino, a former *chavista* who is one of the architects of the Labour Solidarity Movement, a new group which embraces unions from both sides of the country’s political divide and which defends union autonomy.

The bill comes hand-in-hand with the slowdown in the economy and a government crackdown on opposition politicians. Its onslaught on the unions, and its refusal to negotiate collective contracts—or to respect them once signed—is meeting resistance. Labour disputes are increasing, from 46 in January, to 59 in February and 113 in March, according to figures compiled by Victorino Márquez, a labour specialist at the Catholic University in Caracas.

With budgets slashed following the fall in the oil price, the government can no longer buy industrial peace. It is starting to resort to force. A strike in the Caracas metro was averted by the threat of military intervention. Mr Chávez called the metro workers “corrupt” for insisting on the implementation of an agreement that had already been signed.

According to press reports, dozens of trade unionists are being prosecuted. Their alleged crimes include "subversion" and holding demonstrations in "security zones" such as those around big factories. Scores have been murdered, in disputes over contracts that mainly involve pro-government unions.

Only about 11% of the workforce belongs to a union. The bedrock of Mr Chávez's support has long lain with non-unionised workers in the vast informal economy. But unionised workers are concentrated in important parts of the economy, including the oil industry and the heavy-industrial centre of Ciudad Guayana in the south-east. Both are in ferment over wage demands. Disputes are also brewing among teachers, health workers and in the electricity industry.

The oil industry could be the biggest flashpoint. The government is refusing to negotiate wages and conditions until the oil workers' federation elects a new leadership in a ballot due later this month. There are signs that the government wants to delay the vote. The budget of *Petróleos de Venezuela (PDVSA)*, the state-owned oil company, has been slashed by more than half this year. Rafael Ramírez, the energy minister and head of PDVSA, said there would be no pay rise, even though inflation is close to 30%. He later backtracked.

Mr Chávez insists that only the rich will pay the price of the impending recession. But workers are already feeling its effects. The government seems to welcome the looming confrontation with the unions, as an opportunity to crush dissent and take Mr Chávez's "revolution" to the next level. Jorge Giordani, the planning minister, said recently that the inflation rate should not be the main factor in setting the minimum wage. He added that he knew of no example in the world where socialism had been established on the basis of abundance. "Socialism has emerged from scarcity," he declared.

On May Day the politically divided unions staged two separate marches, as they have for the past few years. The non-government march was broken up by police and national-guard troops using tear gas and water-cannon. "There is no socialism without the working class," Mr Chávez told a rival march of his supporters. By fomenting division and repressing dissent, Mr Chávez may succeed in crushing the labour movement. With it would go one of the few remaining institutions of democracy and pluralism in Venezuela. And Mr Giordani may get the chance to implement the socialism of scarcity in what was once the richest country in Latin America.