



*Caracas: Neoliberalism and the Foundations
of Social and Spatial Polarization*

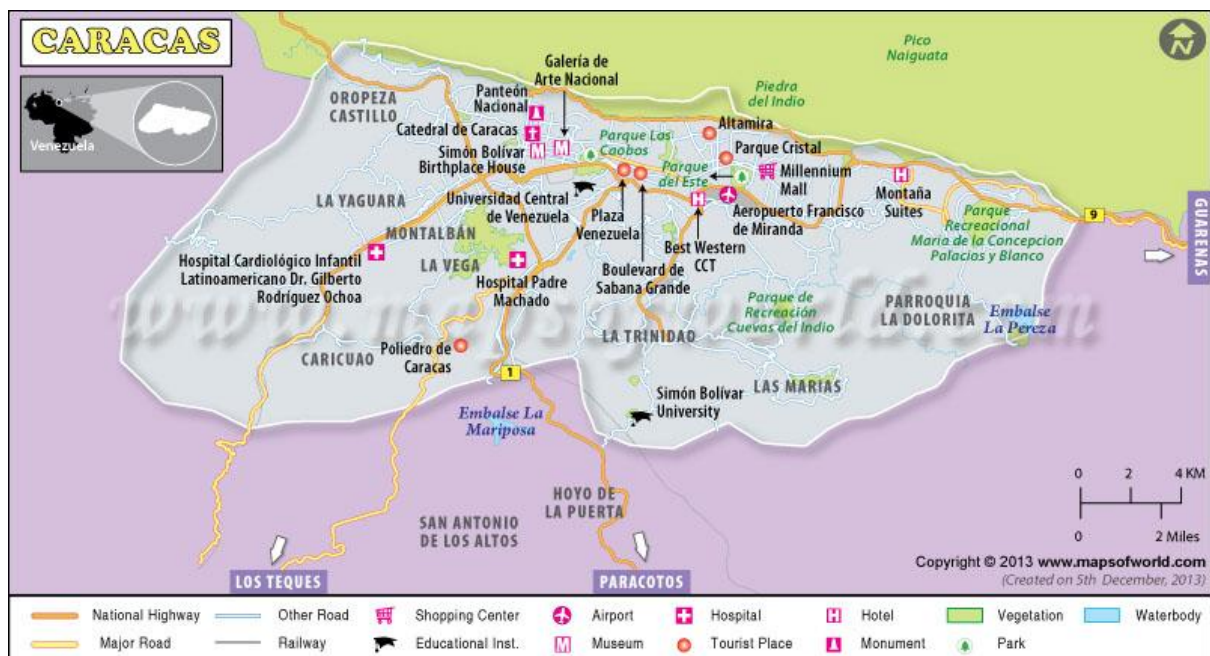
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Caracas, the capital of Venezuela, is home to one of the most polarized societies in Latin America, sharply divided over Hugo Chavez's Bolivarian revolution and currently engaged in a struggle over how they country will move forward. This paper will look at the historical foundations of polarization in Venezuela and how the development of Caracas has reflected that societal divide; specifically, it will examine the wealthy enclave of Chacao and the working class *barrio* 23 de Enero as archetypes of the two competing ideological forces at work in Venezuela today.

History of Caracas

Pre-Colonial to Post-Colonial Era

The city of Caracas is centrally located on the northern coast of Venezuela, situated within the Caracas Valley named for the area's sparse yet resistant indigenous population.¹ The *El Avila* mountain range rises up along the northern boundary of the city, separating it from the Caribbean Sea and serving as a natural buffer against foreign incursion throughout the city's colonial period; today it is a national park. Additional mountains lie to the south, and the expansion of Caracas has typically followed the contours of the valley.²



¹ Lombardi, John V., "Patterns of Venezuela's Past," in *Venezuela: The Democratic Experience*, ed. John D. Martz and David J. Myers (New York: Praeger Publishers, 1977), 8.

² Nagoda, Are, "Agglomeration and Polarization: The case of Chacao, Caracas" (MA diss., University of Oslo, 2005), 4.

Santiago de León de Caracas was officially founded with the sanction of the Spanish Crown in 1567 by Diego de Losada, after an initial unsuccessful attempt in 1555 that had been thwarted by the local native population.³ For most of its early colonial history, Caracas exerted little influence over the surrounding countryside, with local elites of smaller cities and villages managing their own affairs or looking to the established political and economic centers of Bogotá or Santo Domingo for guidance.⁴ As trade expanded to the Caribbean and North Atlantic markets (principally the export of cacao and cattle raised on the *llanos*, or plains, to the south of the city, and later coffee), however, Caracas' economic importance grew as did its administrative and cultural dominance over the rest of Venezuela. The formation of the Caracas Company in 1728 (a predominantly Basque-controlled export monopoly aimed at curtailing contraband trade into and out of Venezuela) brought about a substantial increase in revenue and established the city's economic dominance (as well as laid the foundations for the nation's agricultural export-based economy, a model which would persist until the discovery of oil in the early 20th century).⁵ The Bourbon reforms of the 18th century officially recognized Caracas as the administrative capital of the region that would become present-day Venezuela. Lombardi writes, "the net result of the administrative and economic reforms of this period was to reinforce the centralizing tendency of Caracas...[N]o region of Venezuela could determine its own destiny independently of the central, primate city, nor could any regional coalition dominate the country except from within the primate city."⁶

If the blueprints for Venezuela's economy were drawn up and implemented during its colonial ascendancy, so too were the foundations of social polarization. The expanding agricultural sector required the importation of slaves from Spain's Caribbean holdings, and before long Venezuela's population was 60% black, with a minority of white Creole elites controlling the political and economic institutions.⁷ The situation did not change drastically with Venezuela's independence in the early 19th century; policies established by Caracas' revolutionary junta benefitted primarily those same agricultural elites (the *hacendados* who

³ "Worldview: Perspectives on Architecture and Urbanism from Around the Globe," last modified 2002, <http://www.worldviewcities.org/caracas/main.html>

⁴ Lombardi, 8-9.

⁵ Burkholder, Mark A. and Lyman L. Johnson, *Colonial Latin America, 5th Edition* (New York: Oxford University Press, 2004), 287.

⁶ Lombardi, 9.

⁷ *Ibid.*, 9.

formed the backbone of the export economy and their Caracas-based middlemen) and excluded the black majority from political participation.⁸ Lower class opposition to the will of society's elites thus began early in Venezuela's history, with the black population of the countryside showing "little interest in war and less in liberating the white elite from Spanish rule...As a result, the creole white elite found it necessary to reconquer much of its own territory before the grand American design could be attempted elsewhere."⁹ In this we see the beginnings of Venezuela's social conflict, played out today within the confines of the city; the post-colonial struggle between Caracas and the countryside is now waged primarily within Caracas itself, the *campesinos* drawn inexorably to the city's *cerros* during the rapid urbanization of the 20th century.¹⁰

Early Modern to the fall of Perez Jimenez

Like many other Latin American nations, Venezuela's first century of independence was characterized by the rise and fall of regional *caudillos* (charismatic "strongmen," usually with military backgrounds) and the continuation of a tenuous export economy oriented towards North America and Europe, forever at the mercy of a sudden plummet in prices (in this case, of coffee). Throughout this period, Caracas grew slowly but steadily as migrants (typically bureaucrats and businessmen, of a decidedly higher economic standing than the rural migrants who would arrive en masse in the 20th century) sought to partake in the capital's wealth and relative modernity as compared to the rest of the country: Lombardi writes "University education, art, culture, social services, architectural and urbanistic grandeur -- whatever the North Atlantic imitation, Caracas monopolized it to an ever-growing degree...until no other place could compare with the capital."¹¹ The primacy of Caracas throughout Venezuela's history, even before its rapid and spectacular growth with the discovery of oil, is attested to by the fact that its population in 1920 (135,253) was greater than the populations of the cities of Valera, Porlamar, Calabozo, Tucupita, and Puerto Ayacucho in 2011.¹²

⁸ Burkholder and Johnson, 357.

⁹ Lombardi, 10.

¹⁰ Ray, Talton F., *The Politics of the Barrios of Venezuela* (Berkeley, University of California Press, 1969), 4-8.

¹¹ Lombardi, 16.

¹² Troconis, Carlos Urdaneta, "La gestion urbana del Area Metropolitano de Caracas," *Instituto Latinoamericano de Investigaciones Sociales (ILDIS)*. (June 2013). (accessed February 16, 2014), 5.

Whereas the existence of oil in Venezuela was known and had been utilized in its crude form by the country's indigenous population, it was not until the major strike in Maracaibo in 1922 that the nation's petroleum industry took off, and with it the spectacular growth of Caracas and the nation's rentist economy, on which it is still more or less dependent. This period of transition from an agricultural export-based economy to a petroleum export-based economy parallels, and is interrelated with, two phenomena: Venezuela's rapid urbanization (becoming, in less than a century, Latin America's most urbanized country, with 93.6% of the population living in urban areas in 2005¹³), and the political dominance of the military (in many ways a continuation of the country's tradition of *caudillismo*) which would prevail until 1958.

Venezuela's period of military governance, epitomized by the rule of General Marcos Perez Jimenez (1952-58), was characterized not only by its growth (the population of Caracas quintupled from 1935 to 1961¹⁴) but by the massive public works projects funded by oil wealth and intended to modernize the city. Lombardi writes, "He [Perez Jimenez] spent a fortune in petroleum revenue on modernizing Caracas, he encouraged massive foreign immigration to create his new Venezuela, and he exalted the military establishment in an attempt to keep the peace...Perez Jimenez, thanks to oil, had the resources to put most of the design into practice."¹⁵ The *superbloque* apartment complexes of the *23 de Enero* neighborhood in central Caracas, intended to replace the sprawling *ranchos* of the many newly-arrived *Caraqueños*, are perhaps the most well-known and contentious symbols of this effort to reign in and control the development of the city. It was the burgeoning of these *ranchos* into full-fledged *barrios* that would leave a greater impression on the city than the vain whims of the dictator, however (who fled the country after a joint military-civilian overthrow), and how they came into being should now be discussed.

Formation of the Barrios

Migration from the Venezuelan hinterland and primarily Afro-Venezuelan coastal areas to the nation's urban centers began as a slow yet sustained trickle in the 1920s with the advent

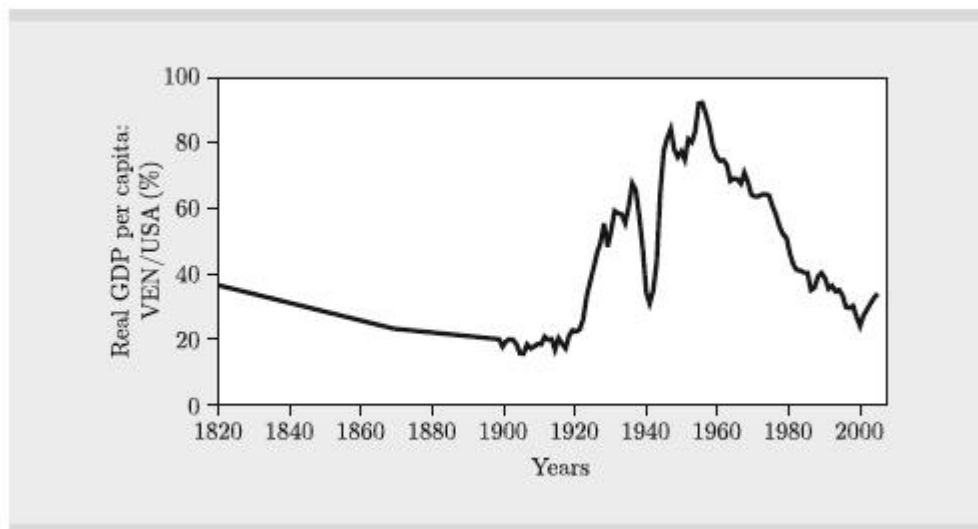
¹³ Fernandes, Sujatha. *Who Can Stop the Drums? Urban Social Movements in Chavez's Venezuela* (Durham: Duke University Press, 2010), 10.

¹⁴ Bauchener, Joshua. "Caracas, the City that Built Itself." *Triple Canopy*, May 12, 2009. http://canopycanopycanopy.com/issues/6/contents/the_city_that_built_itself

¹⁵ Troconis, 18-19.

of the nation's oil industry, and it was during this period that the *ranchos* -- makeshift dwellings constructed of found materials -- first began to appear in cities such as Caracas, Maracaibo, Valencia, and San Cristobal. The doubling of oil production from 1950-1957 under Perez Jimenez stimulated the largest wave of migration, however, and during this period masses of rural Venezuelans who had previously worked in agriculture relocated to urban centers to reap the benefits of both the formal and informal economies.¹⁶

Figure 1. Relative GDP per capita in Venezuela



Source: Maddison (2010).

Finding themselves excluded from the traditional residential areas of the city, migrants to Caracas availed themselves of the vacant, if not easily accessible, land (either publicly or privately owned) on the numerous *cerros*, or hillsides, often at the city's periphery though in some cases closer to its center (though still largely excluded from the center's social benefits, by altitude and inaccessibility, if not proximity). In this way, the city's footprint began to rapidly expand up the surrounding hillsides and along the valley, as entire villages and extended family networks populated the formerly vacant land and wealthier *Caraqueños* moved eastward to form new, exclusive neighborhoods. It also established the foundations of a hillside-valley dichotomy between the new, informal settlements and the middle and upper class *urbanizaciones*.¹⁷

¹⁶ Ray, 4-6.

¹⁷ Fernandes, 40-41.

The formation of a typical *barrio* is described at length in Talton F. Ray's 1969 work *The Politics of the Barrios of Venezuela*. Of particular interest regarding the *barrios* that came into being before, during (to a lesser extent), and after the reign of Perez Jimenez is the level of organization and precision that went into their planning and execution, as well as their underlying political nature. Prospective sites for settlements were selected based on the political leanings of the land's owner (be it an individual proprietor or the city government) and the likelihood of the owner to take legal action against the settlers. Furthermore, the leader of the so-called "invasion", if not a party member himself, at the very least had strong ties with a political party and received their "blessing" to establish a community, and henceforth represent the interests of the party within the community upon its completion.¹⁸ These connections lent the *barrios* a degree of legitimacy and sense of autonomy that has existed in varying forms till the present.¹⁹

Once a tract of land or hillside was successfully "invaded" and individual family plots demarcated into relatively equal-sized portions (claims staked by the presence of a hastily built hut, or sometimes simply a hammock between two posts), the transformation from handful of *ranchos* to full-fledged *barrio* could begin: "Individual housing needs are satisfied and replaced by collective needs: roads, water, schools, stores. Individual building efforts are subsumed by collective ones, which not only determine the physical shape of the neighborhood but define daily life in the community."²⁰ To petition the government for these amenities, *barrio juntas* were formed, usually headed (at least initially) by the party contact who led the invasion, reinforcing the *barrio's* political nature and sense of self-reliance ("They [juntas] are considered a natural part of its early existence...the result of the conviction shared by most families that a *barrio* can realize its role as a new community within the city only when it has an organized body to represent it"²¹).

The *juntas* represent an early chapter in the strange interplay between the *barrios* and the city government, the blurring of the lines between the formal and the informal. On the one hand, they were an acknowledgment of the political process and the need to work within it to achieve the *barrio's* goals; on the other, they grew out of necessity and the realization that if the *barrio* residents didn't organize and advocate for themselves, no one else would. This

¹⁸ Ray, 31-37.

¹⁹ Fernandes, 45.

²⁰ Bauchener, "Caracas, the city that built itself."

²¹ Ray, 44.

political participation coupled with a defiant ambivalence to that very same process has carried over to the various political and cultural institutions working within the barrios today.²²

Current Demographic Profile

As Caracas' importance grew as the administrative and economic capital of a major petro-state, so too did the city expand geographically along the Caracas Valley and up the surrounding hillsides. From the discovery of oil in 1922 to the present, the city grew from 913 hectares to 29,729 hectares, an increase of 3,256% in just 20% of the total time since its founding.²³

Caracas is divided administratively into the Caracas Metropolitan Area, or *Distrito Metropolitana*, and the larger Metropolitan Region consisting of neighboring Central Coast, Miranda State Highlands, Guarenas-Guatire, and Middle Tuy Valleys, connected to the city center by highways and an expanding mass transit system.²⁴ The smaller Metro Area (what most Venezuelans are referring to when they speak of "Caracas") is further subdivided into five semi-autonomous municipalities, the governance of which will be elaborated on later. These include the oldest, largest, and politically dominant Libertador in the west of the city, followed by the more recent Sucre, Baruta, Chacao and Hatillo municipalities in the east. Following the colonial model, each municipality is broken up into smaller *parroquias*, or parishes. According to 2011 census figures, approximately 2,904,376 people lived in the Metro Area, over half of whom (1,943,901) resided in the municipality of Libertador. At the time, nearly 5,000,000 Venezuelans resided in the larger Metro Region, making Caracas the largest and most densely populated city in the country, with 10,774 inhabitants per square kilometer.²⁵

²² Fernandes, 52.

²³ Troconis, 5.

²⁴ Lacabana, Miguel, and Cecilia Cariola. "Globalization and metropolitan expansion: residential strategies and livelihoods in Caracas and its periphery." *Environment and Urbanization*. Vol. 15, No. 1 (2003): 65-74.

²⁵ Troconis, 1.



Approximately 65% of Caracas' total land is utilized for residential purposes, with 913,396 family dwellings in 2011. *Caraqueño* homes generally fall into one of four categories: apartment buildings (43.19%), single family homes (41.41%), detached houses, or “casaquintas” (5.38%), and the informal *ranchos* dotting the city's hillsides (2.69%; though this number seems low considering the proliferation of working class *barrios* throughout Caracas, it is believed that the census takers, when classifying older, more established households that may have begun as *ranchos*, grouped them instead in the “single family homes” category, belying their institutionalization and acceptance over time).²⁶ It should be noted here that whereas the term *barrio* generally translates to “neighborhood” in most Latin American countries, in Venezuela it is most often understood to mean the poorer and typically pro-Chavista working class enclaves found predominantly in the west of the city; the above-mentioned *parroquia* stands in for *barrio* in the Venezuelan context. The working class *barrios*, furthermore, are not characterized exclusively by *ranchos*; some, such as the 23 de Enero neighborhood which will be discussed in detail later, contain a mix of both *ranchos* and larger public housing projects, or *superbloques*, constructed to replace the first generation of informal settlements in the 1950's.²⁷

Of the city's 24,574 *ranchos*, the majority (15,904) are to be found in the Libertador municipality, specifically the *parroquias* of Coche (10.71%), Macarao (6.68%) and Antimano (5.36%). The municipality of Sucre follows with 7,026 recorded *ranchos* in 2011, then El Hatillo (866), and Baruta (704). *Parroquias* with significant *rango* presences are

²⁶ Troconis, 7

²⁷ Lucente, Roberta and Patricia S. Travanti Mendes. “The 23 de Enero public housing in Caracas: Rethinking the relationship between the formal and informal city,” EURAU'12, 2-3.

Filas de Mariches in Sucre (25.73% of the city's entire *rancho* population) and Caucaguita (9.24%) in Baruta;²⁸ it should be noted that both these *parroquias*, though located within the boundaries of traditionally anti-Chavista municipalities, are situated at the extreme eastern and southern boundaries of the city, far removed from the city center and the benefits it offers. The wealthy enclave municipality of Chacao, located in the north of the city, had no recorded *rancho* presence in 2011.

The *Caraqueño* formal economy is closely tied to the state-owned oil industry, Petroleos de Venezuela, Sociedad Anonima (PDVSA), which employs at the municipal level primarily managers and engineers (taxes on oil exports also provide the Venezuelan government with a significant proportion of its funds for operating expenses). In the non-oil related fields, Caracas professionals are employed in the transport, communications, consulting, marketing, legal assessment, research and development, publicity, and information technology industries, especially those connected to the nation's financial sector.²⁹ The informal economy, "an imprecise category that refers generally to the urban self-employed and other workers who perform unregistered or off-the-books services, often within the 'formal' economy or in a position of semi-formal legality,"³⁰ is comprised of working class *barrio* residents as well as those of the downwardly-mobile middle class, a significant portion of whom work as *buhoneros*, or street vendors, throughout the city and represent varied political backgrounds. While employment data for the *barrios* as a whole is not available, Sujatha Fernandes cites a World Bank survey of the working class neighborhood La Vega as having 45% of its population working in the informal economy.³¹ It is estimated that by the end of the '90s, after the neoliberal adjustment had taken full effect, approximately half the Venezuelan economy was informal.³²

Ethnically, Venezuelans are of European, African, and indigenous extraction, creating a complexion referred to as *café con leche*, or coffee and milk. A University of Brasilia study undertaken in 2008 identified Europeans (the original Spanish colonizers, as well as later

²⁸ Troconis, 7-8.

²⁹ *Ibid.*, 2.

³⁰ Leary, JP. "Untying the Knot of Venezuela's Informal Economy," *North American Congress on Latin America*, December 2006. (accessed March 12, 2014). <https://nacla.org/news/untying-knot-venezuela%E2%80%99s-informal-economy>

³¹ Fernandes, 15.

³² Rebotier, Julien. "Politicizing fear of crime and insecurity in Caracas: The manufacturing of a fearful urban meta-narrative," *Emotion, Space and Society*, 4 (2011), 4.

immigrants from Italy, Portugal, and other nations) as contributing 60.60% of the Venezuelan people's genes, 23% from various indigenous peoples, and 16.30% from Africans.³³ Though the population is generally mixed, there do of course exist groups of purely European, indigenous, and African background, divided largely along class lines; the tensions of the neoliberal and *chavista* eras have brought to the fore racial antagonisms present though largely undiscussed throughout the period of "Venezuelan exceptionalism."³⁴

Neoliberalism and the Origins of Social Polarization

After the fall of Perez Jimenez in 1958, Venezuela entered a prolonged period of relative political stability made possible by the booming petroleum market, sparing it from the various upheavals and military dictatorships rocking much of the rest of the continent at the time. The era of governance known as *Puntofijismo* was characterized by the cooperation and compromise between the nation's most important and previously antagonistic political parties, the left-leaning Accion Democratica and the more conservative Comité de Organización Política Electoral Independiente (COPEI) who were able, with oil wealth, to minimize class conflict through society-wide placation: "The accumulation demands of capital were accommodated by maintaining extremely low domestic tax rates and extraordinary public credits for private business, while the consumption demands of the working and lower classes were addressed by paying the highest wages in Latin America and establishing extensive price controls and subsidies on food, transportation, education, health care, and other basic goods."³⁵ Although Roberts notes that the democratic process underwent an extreme watering-down during this period of oil-induced euphoria, it was nevertheless a time of relative social mobility largely devoid of class and even racial antagonism.³⁶

The foundations of "Venezuelan exceptionalism" began to slowly come apart in the 1970s with the global decline in oil prices, however (after a brief peak in '73-'74), and were dealt their death blow by the onset of the foreign debt crisis and the flight of capital from the

³³ Godinho, Neide Maria de Oliveira, "O impacto das migrações na constituição genética de populações latino-americanas," University of Brasília.
http://bdtd.bce.unb.br/tesesimplificado/tde_busca/arquivo.php?codArquivo=3873. (accessed April 30, 2014).

³⁴ Rebotier, 5.

³⁵ Roberts, Kenneth, "Social Polarization and the Populist Resurgence in Venezuela," in *Venezuelan Politics in the Chavez Era: Class, Polarization, and Conflict*, ed. Steve Ellner and Daniel Hellinger (Boulder: Lynne Rienner Publishers, 2003), 57.

³⁶ Lander, Edgardo. "Venezuelan Social Conflict in a Global Context." *Latin American Perspectives*. Vol. 32, No. 20 (2005): 26.

country beginning in 1983, in response to the devaluation of the *bolivar*. The rest of the decade witnessed a growing dissatisfaction across classes with the perceived incompetence of the traditional ruling parties, who since the restoration of democracy in 1958 had ridden on the seemingly endless tide of oil revenues; as a result, social organizations from various class backgrounds grew in strength to compensate for the Accion Democratica-COPEI pact's ineffectiveness. Though they were united in their frustration with the government, they were organized loosely along class lines, a forewarning of the growing trend towards greater social polarization.³⁷

The formation of the Presidential Commission on State Reform (COPRE) in 1983 during the administration of Jaime Lusinchi was presented to the public as a means of rectifying the lack of popular political participation that had prevailed in the '60s and '70s by placing greater responsibility in the hands of social and neighborhood organizations, a forerunner in a sense of the *chavista misiones*. By the end of the decade, however, the underlying neoliberal character of COPRE's agenda was unmistakable; in a report drafted in 1988, the Commission called for "relieving the state of certain functions and making the citizens assume responsibility for the solutions of their local problems including public services, without relying on state intervention, in order to extirpate paternalistic mentality."³⁸ The complete shift towards neoliberalism manifested itself in the *gran viraje*, or "great turnaround," a series of structural reforms introduced in 1989 by President Carlos Andres Perez at the behest of the International Monetary Fund:

"Advised by a team of neoliberal technocrats, he withdrew subsidies and price controls on a broad range of public services and consumer goods, liberalized foreign exchange and interest rates, slashed tariffs and other forms of trade restrictions, relaxed controls on foreign investment, and launched an ambitious privatization program."³⁹

The reforms, which placed great emphasis on repaying Venezuela's foreign debt and less on providing the basic services Venezuelans had come to depend on, and which had been signed into law before being made public, sparked the five days of oppositional rioting and looting known as the *Caracazo*, carried out mostly by the city's poor, working, and lower-middle

³⁷ Roberts, 64.

³⁸ Garcia-Guadilla, Maria Pilar, "Civil Society: Institutionalization, Fragmentation, Autonomy," in *Venezuelan Politics in the Chavez Era: Class, Polarization, and Conflict*, 183.

³⁹ Roberts, 63.

classes. Upper-middle and upper class Venezuelans, on average, approved of the reforms, or at the very least preferred them to the *Punto Fijo* mode of governance, and viewed the explosion of violence in Caracas and across the country with trepidation; Roberts writes, “The riots stoked middle- and upper-class fears of plebeian hordes descending from the hillside slums to pillage and plunder.”⁴⁰

The economic and ideological gap between rich and poor, with the shrinking middle class caught in between, would continue to grow throughout the ‘90s as the effects of the neoliberal restructuring began to take hold, causing a drastic spike in urban violence, a repoliticization of class differences, and the collapse of the myth of “Venezuelan exceptionalism.” It also redefined both the lower and upper classes’ relation to society at the city and national levels, and their participation within those realms; whereas neoliberalism marginalized the poor and subsequently brought them to the streets in protest, it fueled the “First World” dreams of the increasingly insulated upper classes, who began at this time to withdraw from city life behind the rapidly rising gates and electric fences of their *urbanizaciones*, into what Edgardo Lander calls a *Venezuela imaginaria*.⁴¹ The contrasts between the Caracas of the *barrios* and that of the *urbanizaciones* grew starker with the rise of Hugo Chavez and his Bolivarian Revolution, and they can be seen today in the examples of the militantly *chavista* 23 de Enero and the conservative enclave of Chacao.

Chacao: Urban Enclavism and Social and Economic Fragmentation

The city of Caracas, as noted earlier, is split relatively down the middle into the large, western municipality of Libertador, and the four smaller eastern municipalities of Sucre, El Hatillo, Baruta, and Chacao. Libertador, together with the coastal municipality of Vargas to the north, form the Federal District, administered directly by the national government; the eastern municipalities fall under the jurisdiction of the state of Miranda.⁴² Thus the eastern and western halves of the city, while constituting together the single Metropolitan Area of Caracas, are administered separately and rely on different sources of government funding, creating a sort of political dissonance -- even before the polarizing effects of *chavista* politics became a factor.

⁴⁰ Roberts., 63.

⁴¹ Lander, “Venezuelan Social Conflict in a Global Context,” 29.

⁴² Mitchell, Jeffrey, “Political Decentralization: A New Tool for the Segregation of Urban Space? The Case of Chacao,” lecture delivered at meeting of the Latin American Studies Association (Chicago: Sept. 1998), 6.

Prior to the neoliberal restructuring of 1989, however, the municipalities of Chacao, Baruta, and El Hatillo did not exist; they were instead *parroquias* of the larger Sucre, which acted as an eastern counterpoint to the similarly-sized Libertador. The pathway to incorporation as independent municipalities was laid by the Perez administration's passage, as part of its neoliberal reform, of the Organic Law of Decentralization, Delimitation, and Transfer of Functions of Public Power, in January 1990. The law, which minimized the central government's role in the administration of the capital, was sold to the public as a reallocation of political power to the local level, and was welcomed in light of AD-COPEI's perceived ineptitude in years prior. This process of decentralization was in many ways the greatest contributor to social unrest and polarization in Venezuelan, and particularly Caracan, society, "creating a framework for the consolidation and fine-tuning of existing patterns of inequality."⁴³

The law stipulated that any *parroquia* or cluster of adjacent *parroquias* with at least 10,000 residents could petition for incorporation as a municipality, subject to approval by the state government. Under the law, each municipality is entitled to an equal share of state revenue, plus the taxes generated from commercial and industrial activities within the municipality, as well as real estate holdings, creating the potential for an accumulation of great wealth in a relatively small area. Traditionally wealthy enclaves were now presented with a formal procedure for distancing themselves -- essentially wiping their hands clean, politically and financially -- from the poorer neighborhoods that had constituted the larger municipality of Sucre (such as the *rancho*-rich Petare).

⁴³ Mitchell, 3.

In contrast, the municipality of Libertador, home to approximately half of the Caracan population, continued to rely on the state financially and administratively -- a state which had undergone extensive paring-down as part of the IMF's prescription for "modernization." Formerly the center of business, finance, and Caracan public life in general, Libertador's central business district experienced profound neglect and decay throughout the '90s, and as a consequence many domestic and international companies relocated to the growing, alternate CBD in Chacao -- which now benefited from an exponential increase in tax revenue from business and the booming real estate market.⁴⁶ In fact, Chacao created a self-enforcing cycle; by luring business interests away from the traditional center to a cleaner, safer, friendlier investment environment (as it likes to market itself), other municipalities, Libertador in particular, lost out on a substantial amount of revenue and thus became less secure, less clean, and more impoverished. It has also created a "race to the bottom"-like atmosphere with other, wealthier municipalities, such as Baruta and El Hatillo; by providing various incentives to businesses such as tax breaks, the enclaves compete with each other to make themselves the most subservient to business interests, both foreign and domestic.⁴⁷

Spatial Characteristics of Chacao

Chacao has taken on many of the characteristics typical of wealthy enclaves dotting cities throughout the developing world, and its inward-looking separation from the rest of Caracas (as well as outward orientation towards North American cultural and economic models) has only grown starker with the passage of time.

The small municipality contains sleek highrise office buildings catering to domestic and international business and financial interests (the centrally located Centro Empresarial Plaza housed, in 1998, the offices of seven banks and two petroleum companies, mostly foreign-owned⁴⁸), each equipped with underground parking garages -- a rarity in the older Libertador. Residents live within privately-guarded gated communities or behind the high, electrified fences of exclusive apartment buildings or stand-alone, single family homes. For shopping and entertainment they have at their disposal seven shopping malls, including Sambil, the largest in Latin America. These malls are easily accessible by car, though shoppers entering

⁴⁶ Mitchell, 21.

⁴⁷ Nagoda, 17-18.

⁴⁸ Mitchell, 17.

from the street must first pass through tight security. In fact, the entire municipality is ringed with multi-lane highways, creating a quite deliberate inaccessability for those excluded from Caracas' car culture. Are Nagoda, interviewing a representative of DigiTel-Tim, a Venezuelan telecommunications company located in Chacao, finds that "this area [Chacao] is not in the axis of the metro and so the criminal, in order to get here, has to come by other means of transport. There is not any slum close by either, and so for someone to commit a crime here it requires much more planning than in an area within reach of the metro where they can run and hide in a train, or where they have more possibilities of mobility."⁴⁹

In this statement we see clearly expressed the sentiment held by many, if not all, Chaquenos that residents of other parts of the city are by definition criminals, and would only come to Chacao in order to commit a crime. This mentality is manifested physically in the fortress-like layout of the enclave, the multi-functionality of which precludes one from ever needing to leave. Mitchell writes:

"There appears to be no attempt, either by the municipality or by private developers, to carve out a narrow functional niche for Chacao within the metropolitan system. To the contrary, the emergent structure of Chacao is multi-functional, combining residential, commercial, and business facilities. Rather than establishing an integrative role with the broad urban context, Chacao is instead developing the infrastructure necessary to satisfy all of the demands of a single class of citizens."⁵⁰

In terms of planning, budgeting, and administration, the neoliberal readjustment initiated by Carlos Andres Perez set the stage for Chaqueno autonomy, as well as that of other wealthy enclaves across Caracas; they behave, essentially, as cities within the city (or, one might say, as a Venezuelan government in exile, "exile" in this case the enclave, perceived as a bastion of legitimacy amidst a sea of *chavismo*). The upper and upper-middle classes' hostility towards the rest of Caracan society to the degree that we see it today, however, grew out of a mix of factors over the course of the '90s, including the politicization of urban violence (stoked by the elite business class who stood to gain the most from neoliberalization⁵¹) as well as Chavez's tendency to

⁴⁹ Nagoda, 60.

⁵⁰ Mitchell, 15.

⁵¹ Roberts, 69.

portray Venezuelan life as a conflict between good and evil (*el soberano* versus *la oligarquía*⁵²).

23 de Enero: Laboratory of the Bolivarian Revolution

Existing in stark contrast to the wealthy enclave of Chacao is 23 de Enero, a working class *barrio* of approximately 100,000 inhabitants with roots deep in Venezuela's history of left-wing militancy and activism. Situated on a hilltop in the western municipality of Libertador, the neighborhood is characterized by typical Caracan *ranchos* as well as the emblematic *superbloque* apartment complexes constructed during the military reign of Marcos Perez Jimenez. Originally named 2 de Diciembre in honor of the *caudillo* (the date at which he came to power), the neighborhood was conceived by Perez Jimenez's planners as a model replacement for the squatter *barrios* that had overtaken the city throughout the '30s and '40s.⁵³



Upon their completion, however, the massive buildings, intended for the migrants continuously pouring in from the countryside, sat vacant for months (it is thought that Perez Jimenez was waiting for his anticipated “reelection” to inaugurate them). Rather than sailing towards reelection, however, the dictator was ousted on the 23 of January, 1958, the news of which prompted thousands of *barrio* residents to descend upon the empty complexes and claim them as their own, forming apartment-wide governing

⁵² Garcia-Guadilla and Pilar, 190-191.

⁵³ Lucente and Travanti Mendes, 1.

juntas much as they had done in the *ranchos*. Thus the very formation of 23 de Enero had at its core the principles of self-reliance/self-governance, a disregard for the whims of orientalist planners, and a militant opposition to right-wing governance.

23 de Enero, like all poor and working class neighborhoods, and particularly those located in Libertador, suffered a debilitating effect from the neoliberal adjustment and Carlos Andres Perez's Organic Law of Decentralization. As stated earlier, the flight of capital and resources from the historic city center to the commercial districts arising in newly-incorporated municipalities such as Chacao led to a decline in local infrastructure, a deepened sense of marginality within civic life, a rise in participation in the informal economy, and a spike in urban violence. Libertador's reliance on the weakened federal government for funding (whereas the eastern municipalities fell under the wealthier Miranda State's jurisdiction), moreover, increased the demand for local community organizations to fill the social services gap the state had created (what had been touted as "greater local autonomy" by the Perez administration).⁵⁴

Community Groups and Participatory Democracy

By the time Hugo Chavez Frias was elected president in 1998 he had inherited, essentially, two Venezuelas, each left to ferment for a decade in the aftermath of neoliberal adjustment: enclave Venezuela, the Chacaos and Barutas rapidly siphoning off the nation's wealth, without concern for the "plebeian" hordes just outside their municipality's limits; and the Venezuela of the *cerros*, which in the absence of a government that cared about it had forged a self-reliant yet disconnected network of local community organizations engaged in health, education, housing, and political work.⁵⁵

Two developments occurred not long after Chavez's election in an effort to rectify the fragmentary effects of Andres Perez's Organic Law of Decentralization. First, the newly drafted Constitution of 1999 created the *Alcaldia Metropolitana*, a single overarching mayoralty to govern the entire city of Caracas (though the recently

⁵⁴ Garcia-Guadilla and Pilar, 183.

⁵⁵ Llopis, Enric, "The Revolution has Brought Substantial Improvements to Working-Class Neighborhoods," *Venezuela Analysis*, Oct. 10, 2013. <http://venezuelanalysis.com/analysis/10083> (accessed April 30, 2014).

incorporated municipalities continued to enjoy substantial autonomy as well as the fiscal benefits of their business-friendly image). Secondly, and perhaps more importantly, the Local Planning Councils Law, written into the Constitution and going into effect in 2002, created local development councils and recognized the existing neighborhood organizations as legitimate political agents in the *chavista* effort to transition to a participatory democracy.⁵⁶

Chavez's Bolivarian government allocated capital from the nation's petroleum industry towards the local planning councils and neighborhood organizations to fund this new bottom-up democracy, in some senses the ultimate political legitimization of what had begun, decades earlier, as the *barrio juntas* (earmarking \$857 million for social spending in 2006, a number that rapidly rose to 7 billion⁵⁷). In this way cultural centers, community radio stations, health care clinics, neighborhood watch patrols, newspapers, schools, daycare centers, and other components necessary for an urban system to function received the financial support previously unavailable to them.⁵⁸ Many of the most well-known and active neighborhood organizations are located in 23 de Enero.

23 de Enero is often pointed to as the quintessential *chavista* neighborhood; steps away from the Palacio Miraflores (Venezuela's seat of executive power), the *barrio* was instrumental in the citizen-led demonstrations that toppled the short-lived coup of 2002 and reinstated Chavez. The former president, in a symbolic gesture of gratitude for its residents' support, would cast his election-day ballots within 23 de Enero, and his remains lie guarded in the Cuartel de la Montana, in the heart of the *barrio*, underscoring the relation between space and politics. Despite this close identification with *chavismo*, however, residents of 23 de Enero, perhaps as a result of the transition to participatory democracy and Chavez's constant characterization of them as "*la soberania*," or true sovereigns, have developed an attitude of being on equal footing

⁵⁶ Irazabal, Clara and John Foley, "Reflections on the Venezuelan Transition from a Capitalist Representative to a Socialist Participatory Democracy: What are Planners to do?" *Latin American Perspectives*, Vol. 37, No. 1 (Jan. 2010), 97-98.

⁵⁷ Collier, Robert. "Venezuela's oil wealth funds gusher of anti-poverty projects," *San Francisco Gate Chronicle*, Oct. 2, 2006. <http://www.sfgate.com/politics/article/Venezuela-s-oil-wealth-funds-gusher-of-2468768.php#page-1> (accessed May 1, 2014).

⁵⁸ Fernandes, 56-62.

with the state, or “more *chavista* than Chavez.”⁵⁹ As a positive result of this, residents have embraced the idea of self-governance and successfully implemented many of the institutions and programs that Chavez intended to spread across the country, in many cases above and beyond their original expectations; as a negative result, it has given rise to certain militant groups who, sincerely or not, consider themselves the legitimate guardians of Bolivarianism and therefore above the law; reinforced middle-and-upper class fears of the *barrios* that were born in the aftermath of the *Caracazo*; and deepened social and spatial polarization in Caracan and Venezuelan society.

A Divided Society: The Example of Caracas

In this report we have looked at two urban areas as representatives of the competing political ideologies battling -- mostly figuratively, though sometimes literally -- for control of Venezuela’s future; Chacao on the one hand, rabid in its disdain for *chavismo* yet offering no realistic alternative⁶⁰, and 23 de Enero on the other, empowered by the Bolivarian revolution and refusing to return to the old mode of governance (this sentiment emblazoned in graffiti on the barrio’s streets, “*Al pasado no regresaremos jamas*”).

While the casual observer, encouraged by the media’s black-and-white portrayal of the political situation within Venezuela, might point to Chavez and his Bolivarian experiment as the factors over which Venezuelan society has fragmented, it is clear from the research that the roots of the social divide stretch back deeper into the nation’s history. “Venezuelan exceptionalism,” as we have seen, was a myth supported by the shaky foundations of an inept government and a dangerously-dependent oil export economy, and that began to come apart with the implementation of the neoliberal economic model beginning in the late 1980s. These were the realities Chavez inherited, and which Venezuelan leaders well into the future will continue to grapple with.

⁵⁹ Wallis, Daniel. “Insight: Chavista militants may be wild card after Venezuela vote,” *What’s Next Venezuela?* August 15, 2012. <https://www.whatsnextvenezuela.com/tag/la-piedrita/> (accessed March 15, 2014).

⁶⁰ Lovato, Roberto. “Why the Media Are Giving a Free Pass to Venezuela’s Neo-Fascist Creeps,” *The Nation*, April 1, 2014.

The social and political antagonism sparked by neoliberalism and played out violently in the streets and hills -- not to mention the radio stations and television broadcasts⁶¹ - - of Caracas are not unique to Venezuela, however, stark as the conflict may seem compared to other regions. The inward-looking exclusivity and concentration of wealth and power that we see in Chacao is echoed in enclaves across Latin America, from Rio de Janeiro to Mexico City. Indeed, as long as income inequality continues to grow unabated and the environmental consequences of our consumption-driven economic system become worse, enclaves will develop all over the world, and the divisive “Other-ization” of a rapidly growing marginalized poor will only deepen.

What is unique about the situation in Venezuela, however, is that with Bolivarianism Chavez offered a refreshing alternative to the neoliberal model (even if it was predicated upon the same old oil-dependent export system⁶²). Rather than taking his base of support -- the neighborhood organizations of traditionally poor and working class communities such as 23 de Enero -- for granted as the traditional parties had done, and rather than simply strengthening a paternalistic State, he turned Jaime Lusinchi’s and Carlos Andres Perez’s model of “self-reliance” on its head, and truly empowered the marginalized to govern themselves. One must wonder if this new participatory democracy of the *barrios* could have developed in coexistence with the self-governance of the enclaves; the elite’s self-interested undermining of the Bolivarian revolution, however, and Chavez’s demonization of his opponents (at times genuine, at times theatrical) stymied any hopes of reintegrating Venezuelan society and only served to strengthen psychological, cultural, and spatial divides.

⁶¹ Fernandes, 160

⁶² Mommer, Bernard. “Subversive Oil,” in *Venezuelan Politics in the Chavez Era: Class, Polarization, and Conflict*, 131.

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