

Publications

Programs

Resources

Working Groups

Media Guide

About

Home > Publications > News of the Americas

- Research & Analysis
- Americas Quarterly
- Exclusive Interviews
- Hemispheric Updates
- News & Views
- News of the Americas
- Papers & Reports
- Viewpoints Americas
- Weekly Roundup
- Program Materials
- Program Summaries
- Speeches
- On the Record
- Articles & Op-Eds
- Congressional Testimony
- Congressional Updates
- Multimedia
- Photo Galleries
- Podcasts
- Videos
- AS/COA News
- Announcements
- Communication Materials
- In the News
- Press Releases

Chávez Tests Popularity

Carlos Macias
February 12, 2009

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- Print
- Share



Venezuelans decide about term limits for elected officials on February 15. (AP Photo)

Venezuelan President Hugo Chávez may stand for reelection indefinitely after voters approved a referendum **lifting term limits for elected officials** on Sunday. With nearly complete returns, the National Electoral Council announced that **54 percent of voters** approved the amendment.

This follows a heated battle between the "Yes" and the "No" sides, with **opinion polls** showing a split country before Sunday's vote. The referendum served as a test of **Chávez's popularity** at a time when inflation and crime rates have soared while falling oil prices **threaten subsidies** on food, fuel, and medical care. These social programs have thus far been the backbone of a strong chavista movement. But the opposition made **inroads** as the economic cracks begin to show.

Yet the Venezuelan government remains confident on that regard, with Chávez **claiming** his country's economy to be so strong that "[n]ot even a hair has been touched" by the global financial crisis. Despite his optimism, restructuring efforts are already underway. Citgo—a U.S.-based subsidiary of Petróleos de Venezuela S.A (PDVSA)—announced that it will **cut** its workforce of 3,762 by two percent, or approximately 75 employees. Additionally, PDVSA's exploration and operational budget will be **reduced** between 30 to 40 percent in 2009, *El Universal* reports.

A **new report** by the Center for Economic and Policy Research offers up the country's economic accomplishments in the areas of poverty reduction and GDP growth. But several experts and analysts take a less glowing view. "Venezuela is **destroying assets** much more quickly than it's been building them, given today's oil prices," said Eurasia Group's Patrick Esteruelas in an interview with AS/COA Online. Caracas-based Banco Mercantil recently predict that Venezuela's economy will freeze and public financing could climb from \$6.3 billion from last year up to \$31.4 billion in 2009, reports Bloomberg.

The Economist offers a look at the **political debate** occurring among Venezuelans over the benefits of public services involving healthcare and subsidized food products against a backdrop of rampant crime and ballooning inflation. The lead-up to the vote involved heavy polarization between the "Yes" and the "No" camps and even some violent outbreaks. On February 7, roughly one million people **demonstrated** in Caracas in support of the No vote

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- Feb 20 **Doing Business 2009 Report: Business Regulatory Reform and Best Practices in Latin America**
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- Feb 20 **Building the Hemispheric Growth Agenda: A New Framework for Policy**
New York

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Past Programs

- Feb 18 **Videoconference: Expectations for President Obama's Trip to Canada**
Washington D.C.-New York
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New York
- Feb 6 **Private Discussion: Ernesto Cordero, Mexico's Secretary of Social Development**
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and against an end to presidential term limits. Opposition leader Leopoldo López **urged voters to cast their ballots** and repeat the December 2007 **defeat** of Chávez's new constitution.

Chávez voiced his disapproval of the march but recognized that his followers should not downplay its importance and has gone as far as to condemn the actions of some supporters. A group of his most fervent followers, known as "La Piedrita," staged teargas attacks on the Vatican diplomatic mission and the home of RCTV Director Marcel Garnier. They also went to so far as to make death threats against opposition leaders. Chávez responded to these actions with a **hardened stance**, labeling them terrorists and calling for the arrest of its leader Valentín Santana. Spanish newspaper *El País* published an **interview** with Santana in which he attempts to explain why his group declared some opposition leaders military targets. Additionally, the Venezuelan police **arrested** 11 suspects—including seven police agents—after a synagogue was **attacked and ransacked** by vandals on February 1.

At a February 9 AS/COA **panel discussion** on the Venezuelan referendum, Barclays Capital Senior Economist for the Andes Alejandro Grisanti said that, even if Chávez accomplishes a victory on Sunday, he still must deal with harsh economic realities that could further harm his approval ratings when running for an hypothetical third term in 2012.

While falling short of repeating his **2006 reelection results** of over 60 percent, Sunday's referendum is a decisive victory for Chávez and his broader social and political agenda at a time that could have been his last stand.

The Winter 2009 issue of *Americas Quarterly* features **interviews** with three candidates barred from running in the November 2008 legislative elections in Venezuela.

Read AS/COA interviews with Venezuelan opposition leader **Leopoldo López** and student activist **Yon Goicoechea**.

Updated on February 16, 2009.

Send questions and comments for the editor to:
ascoa.online@as-coa.org.

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