

Disputing Venezuela's Disputes

Written by Marco Cupolo

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MARCO CUPOLO, MAR 14 2019

Venezuela is going through a long and deep crisis, whose most obvious consequence is the current migration abroad of this country's citizens. According to the United Nations (U.N.), around 3.2 million Venezuelans, 8-10 percent of Venezuela's population, moved abroad in the last two or three years. Venezuelans left for other Latin American countries and mostly for neighbour Colombia, where 1.2 million Venezuelans have arrived "...starving...with no money, no food, no medicine". More Venezuelans are expected to leave in the next months, and the impact of the Venezuelan migration on other Latin American societies is already a major international issue.

In addition, Venezuela is split about the legitimacy of the presidential successor of Hugo Chávez, Nicolás Maduro, whose re-election on May 20, 2018, and swearing-in on January 10, 2019, were not recognized by the Venezuelan National Assembly. Consequently, on January 23, 2019, the president of this assembly, Juan Guaidó, took a public oath to serve as interim president of the republic. The legitimacy of the two presidents is nationally and internationally disputed or recognized through different political arenas, positions, and interpretations of the Venezuelan Constitution, and, because of all these uncertain circumstances, humanitarian intervention in Venezuela looks complicated.

In this context, disputes on the acknowledgement of the country crisis, whose severity could require or not international intervention, and authorities legitimately representing Venezuela seem to be at the centre of the current Venezuelan situation. Domestic and international, institutional and non-institutional actors, however, are also involved in these disputes stirring up unpredictable as destructive economic, political, and social dynamics.

Economic and Political Troubles

Looking at Venezuela's borders – especially the border with Colombia – even assuming fewer Venezuelans would have emigrated, it is impossible to deny that a massive number of Venezuelan citizens is leaving a country that had received Caribbean, European, and Latin American immigrants until a few decades ago. Emigration to Venezuela, indeed, has practically stopped, and a comparable percentage of Venezuelan citizens never emigrated abroad as it is occurring now. How could this happen?

Immigration to Venezuela decreased when the country's economy started to show signs of decline; especially after the 1983 devaluation of the Bolívar, the Venezuelan currency. At that time, conflicts, political violence, and economic instability in the region could still drive an important share of Latin America emigration – especially from Colombia – to Venezuela. However, the stampede of Venezuelan capitals and consequent Bolívar's devaluation of the early 1980s also revealed many investors no longer believed in the country's economic future, and they hurriedly moved their money abroad.

Several Venezuelans did the same. They started to look at other countries not only for investing but also for living. As the economy did not recover from the 1980s' crisis, leaving Venezuela gradually became an option first for investors, entrepreneurs, factories, firms, foreign residents, and later for all the population – wealthier, middle, and poorer social classes. In the last three years, the overwhelming Venezuelan crisis has undeniably converted this option in a sort of diaspora, which was unimaginable before the advent of Hugo Chávez's Fifth Bolivarian Republic since 1999; International Organization for Migration's reports show innumerable evidences of the increasing Venezuelan

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migration. In short, Venezuela is going through its worst crisis; Maduro cannot deny this or minimize it.

What stirred up this crisis? Certainly, the fall of oil prices in 2014-16 impacted heavily on the country's economy, but between 2003 and 2013, the governments of Chávez and Maduro received windfall income thanks to the rise of oil prices. In 2009, all prices fell because of the recession caused by the financial crisis, and Venezuela suffered the consequences of the coup against Chávez and the long oil strike of 2002-03, but, overall, the 2003-2013 cycle was an unprecedented and probably one-off bonanza period. In addition, Venezuela partially reoriented its oil exports toward the Chinese, Indian, and Russian markets obtaining generous credit lines, especially from China. Yet, during the same oil boom, the Venezuelan economy kept showing its already customary problems such as capital flight, growing dependency on imports, hoardings, inflation, shortages, smuggling, etc. Making everything worse, the Venezuelan oil production first stagnated and after declined in the last decade, and, paradoxically despite oil prices, gradually recovered in 2017 and 2018. The 2018 Venezuelan oil production is not even half of what it was twenty years ago.

So, what happened with the windfall of the oil boom? With all that money, weren't revolutionary governments able to maintain at least a consistent extraction of the country's vital resources?

According to the populist leadership of Chávez, Venezuelan governments should invest almost everything in keeping domestic and international political support for his Bolivarian and Socialist Revolution. Chávez's leftist interpretation of the ideas of Simon Bolivar, the hero of independence movements in Latin America and Venezuela, has indeed been a key element for political mobilization in Venezuela and the region. In addition, the charismatic Chávez was much more effective at arousing the enthusiasm of crowds and leaders of other countries than the insipid Maduro. Thanks to oil income and his charisma, Chávez changed Venezuela's political ideology and structure making of Bolivarianism a leftist ideology and opening his country political arena to the participation of new political actors, who emerged from the impoverishment due to the fall of oil prices in the 1980s and 1990s. At the same time and in a similar way, Chávez also grabbed and supported economically and politically the rise of leftist governments in Latin America. Through the Bolivarian internationalism, oil income and supply offered with advantageous conditions to leftist organizations and to Caribbean and Latin American countries (including Cuba and Nicaragua), Chávez also conquered an international leadership.

But all this had a price. When the Venezuelan economy began to totter under the weight of increasing debts and stagnating oil prices, Chávez put the blame on an economic war led by the U.S. empire. However, the first rounds of the United States' sanctions on Venezuela aimed only at stopping anti-democratic, terrorist, drug trafficking, and other trafficking activities of several Venezuelans and representatives of the Venezuelan government. Either such accusations being true or false, the impact of these restrictive measures on the overall conditions of the Venezuelan economy was insignificant.

In 2017, U.S.'s sanctions, instead, started to become increasingly severe hitting directly or indirectly P.D.V.S.A. (*Petróleos de Venezuela Sociedad Anónima*) – the state oil enterprise of Venezuela – and the access of the Venezuelan government to the American debt and equity markets. On January 28, 2019, the U.S. government finally blocked all P.D.V.S.A.'s properties and interests under U.S. jurisdiction and prohibited all U.S. persons from doing business with the Venezuelan oil company. Now, there really is a confrontation between the U.S. and the Nicolás Maduro's presidency.

On the other hand, after the clumsy and improvident, American support to the 2002 coup against Chávez, for reasons linked to domestic and foreign politics of both countries, the United States and Venezuelan kept trade relations with considerable reciprocal advantages. After all, the American oil market was the most reliable cash supplier of the Venezuelan government, which has its crucial foreign investment right in the U.S. through the oil company CITGO, and Venezuela remained the closest country to the U.S. with gigantic oil reserves. For the United States, in other words, despite Chávez's incendiary rhetoric, the Bolivarian Revolution, and even the alliance between Cuba and Venezuela, the Socialist country of the Bolivarian Revolution could still be a more reliable energy supplier than other far away oil-exporting countries.

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The governments of Chávez and Maduro have also blamed the imperialist economic war imposed by the United States for capital flight from Venezuela, corruption, currency devaluation, hoarding and smuggling of commodities and goods, hyperinflation and inflation, etc. But all these economic phenomena are already well-known negative consequences of the controls on the Bolívar's exchange rate, interest rates, and market prices that the Venezuelan governments have sustained well beyond the time these controls were exceptionally needed. These controls have always ended by setting off unstoppable inflation and devaluations. Rather than being the weapons of an alleged economic war fuelled by foreign powers, corruption, inflation, and devaluations, they are, first of all, the outcome of the obsolete rentier economy based on oil income of Venezuela.

When Chávez began his Revolution, it was very clear that such rentier pattern was no longer practicable. The 1983 devaluation, after all, had rung the first alarm that cautious changes in the country economy should begin urgently, but Venezuelan governments realized it too late and were not able to make politically viable economic changes during the 1980s and 1990s.

During the 1998 electoral campaign and right after his presidential inauguration in 1999, Chávez was not particularly critical of the economic readjustment carried out by the previous government of Rafael Caldera; Chávez even kept the same Caldera's finance minister, Maritza Izaguirre, in his first administration. Chávez and his movement leaders, however, believed that the solution to the Venezuelan problems was to be found in politics rather than in modern economic reforms and readjustments.

Consequently, the new Constitution and politicians led by a charismatic leader/commander were going to begin the new era; just as it is usually promised with the advent of authoritarian and totalitarian regimes. Approving a new Constitution is not a problem by itself, but this kind of change is not well perceived in Latin America, where too often constitutional changes are the first steps towards the de-legitimization of whatever was done before the new constitution by whomever that may become a political adversary or sponsor a competitive ideology.

The Bolivarian Revolution, in fact, did not change at all the Venezuelan rentier economy. Quite the reverse, Chávez's Bolivarianism has been deeply conservative proposing a mythical image of the past (another ideological aspect of authoritarian regimes) clinging to an outdated rentier economy. In this way, today's Venezuela has ended by relying more than ever only on a single resource: crude oil, whose current extraction is insufficient to satisfy even the most immediate needs of Venezuelans.

Political Confrontations

Due to the disputed 2018 presidential election, Maduro is at his second, consecutive mandate.

In 2013, Maduro succeeded Hugo Chávez Frías, who led the Bolivarian Revolution, began, first, the Fifth Republic Movement to change the Venezuelan Constitution (1999), and later the United Socialist Party of Venezuela (PSUV in Spanish); consequently, supporters of the "commander" Chávez are generally called "*Chavistas*" and his political movement and ideology are known as "*Chavismo*".

Chávez died in 2013 after indicating his party comrade Maduro as the next presidential candidate. Maduro won the 2013 presidential elections but by a narrow margin against Henrique Capriles Radosky, the candidate of the Democratic Unity Roundtable (MUD in Spanish).

Maduro's unconvincing victory showed times were changing in Venezuela. After years of control over the presidency and the National Assembly, the Bolivarian Revolution had lost Chávez, its charismatic leader, and could no longer keep generous social spending thanks to the high oil prices; since in the second semester of 2014 oil prices fell abruptly making everything more difficult for Chávez's heir. In 2015, Capriles' MUD obtained a clear and crucial majority of the National Assembly. It was the first time *Chavismo* did not win an election since the approval of the new Constitution. The "Commander" Chávez had only lost a referendum for the amendment of 69 constitutional articles in 2007 but he practically imposed a new vote and won the referendum in 2009.

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Confronting not only the solid opposition of the National Assembly during the economic crisis but also an attempt of a referendum for removing him from the presidency in 2016, and a consistent political mobilization against his government, Maduro also found his way to partially recover control over Venezuelan politics. He called for the elections of a very powerful National Constituent Assembly, which would have to rewrite the country's Constitution. At this point, however, the fracture between government and a growing opposition had become irremediable.

Many more details would be needed to explain how the increasing reciprocal repudiation of their respective leaders, institutional and representative authorities, and functions and organs, as well as decisions and legitimacy issues between government and opposition, drove the country to the current political situation. The two presidencies with different international and domestic recognitions summarize the peak of a confrontation that was relatively latent but now is evident. The Venezuelan situation, however, should also be understood through a wider political perspective.

Having the support of the Venezuelan military, for example, gives a remarkable advantage to Maduro, but the worsening crisis and the consequent, undeniable migration of Venezuelans to other countries pushed the Venezuelan crisis into the regional and international arenas. In this context, Guaidó's presidency rose according to a new political strategy of the opposition, which now looks for more effective coordination among national alliances and Latin American and international support in fighting *Chavismo*. The Secretary of the Organization of American States, Luis Almagro, for example, launched a pioneering campaign to delegitimize Maduro's government. The Group of Lima, which includes Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Honduras, México, Panamá, Paraguay, and Perú, condemned the economic and political deterioration of Venezuela and recognized Guaidó as the country's legitimate president, and it was not accidental that Trump's administration not only recognized Guaidó's presidency, but also implemented more aggressive sanctions to weaken financially Maduro's government and threatens with a military intervention in the country.

The United States' initiative, however, has also taken the Venezuelan confrontation to a sort of brinkmanship situation with unpredictable consequences in the short and medium terms; it forced several domestic and international actors to readjust their positions for the possibility of any kind of direct intervention in Venezuela. Several countries supporting Guaidó's presidency, for example, strongly disagree with the U.S.' military intervention proposition. On the other hand, China and Russia, have been on Maduro's side at the United Nations Security Council's (UNSC) meetings and no agreement on what should be done in Venezuela seems to have been met in the debates. Maduro's government, in the meanwhile, blocked aid trucks and repressed protesters on the Venezuelan borders with Brazil and Colombia and claimed that he would rely on alleged, incoming aid from Russia, but Venezuelan hospitals announced they haven't received it, yet. Another important element to understand the Venezuelan crisis is the presence of thousands of Cubans in the country – Cuban intelligence, indeed, has been crucial in orchestrating political strategies for the Venezuelan governments after the 2002 coup attempt against Chávez. Russia, which also provided military supplies to Venezuela, and Turkey are important trade partners of the country. They export, process, and sell gold extracted from Venezuelan environmentally protected areas, which may be under the control of corrupted military and gangs.

Less known but equally important aspects of the crisis are the domestic, disintegrating consequences of Venezuelans' exposure to the highly unstable economy and politics. Informal circulation of scarce goods such as medicines and the insufficiency of medical services, on one hand, and power relations based on abuse and intimidation, on the other hand, are already dominant aspects of Venezuelan daily life. With the decline or subordination of legal authorities under *Chavismo*, the government did not hesitate to rely on paramilitaries to repress and control dissidence. In this scenario of widespread illegal activities, corruption thrives and the alarming rise of violent crimes and lack of respect for human rights are increasingly major concerns, not only for Venezuelan citizens but also for Latin American countries, other foreign powers, and international organizations.

It can be concluded that because of an economic war or a corrupted and inefficient rentier regime, Venezuela is going through its worst overall crisis since the wars for independence in the nineteenth century. The current immigration of Venezuelans to foreign countries is the clearest evidence of the crisis. The recent period of prolonged lack of electric power seems to have had even worse consequences than the previous problems that forced many Venezuelans to migrate. The country is politically split, and support of foreign powers for the two sides of the

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confrontation has also made the situation worse until now. A low-intensity conflict may become a repressive or an active resistance strategy for the government, in a first case, or the opposition, in a second one. Thanks to the loyalty of the military, the government looks more prepared for this in the case of conflict. For the opposition, despite Guaidó having obtained remarkable international support, clashes with the military and the police could trigger the instauration of a dictatorship forcing more Venezuelans to leave the country for political reasons. The game is quite open, in other words, and many observers are not only studying carefully the moves of Guaidó and Maduro and their respective supporters but also thinking about the world's biggest oil reserves of Bolívar's fatherland.

About the author:

Marco Cupolo studied and worked in American, Italian, Mexican, and Venezuelan universities publishing in English, Italian, and Spanish. He holds a Ph.D. in Political Science from the University of Connecticut, a Master in Latin American Studies from the National Autonomous University of Mexico, and a Sociology degree from the University of Salerno (Italy). He is currently Director of Hispanic Studies at University of Hartford, Connecticut.