

VENEZUELA ON THE EDGE: CAN THE REGION HELP?

FEDERICO MERKE, ANDREAS E. FELDMANN,
AND OLIVER DELLA COSTA STUENKEL¹ | JUNE 29, 2016

Venezuela is being rocked by its worst political and economic crisis in more than a decade. A humanitarian crisis is taking shape in a country that has among the largest proven oil reserves in the world. With President Nicolás Maduro having neutralized the opposition-dominated National Assembly elected in December 2015 and decimated the judiciary's independence, a negotiated, democratic solution to the crisis looks increasingly remote.

Given that Venezuela seems unable to overcome its internal divisions alone, external actors will be vital in influencing how the crisis unfolds. Yet the crisis has erupted at a moment when Latin American governments' interest and capacity to engage in Venezuela are limited. While the Maduro government has fewer regional allies than his predecessor Hugo Chávez could count on, governments in the region are doing little to defend democratic governance in Venezuela. Despite much pro-democracy rhetoric and some mediation efforts, they seem content to let Venezuela find its own way out of the crisis—whether this means an abrupt collapse of the authoritarian government or a prolongation of its increasingly heavy-handed rule.

Latin American governments need to do more to help Venezuela overcome its impasse. The regional mechanisms

established to preserve democratic governance in the Americas have dramatically underperformed in Venezuela. South American governments, such as those in Argentina, Brazil, and Chile, need to adopt a less equivocal position toward the crisis. Field research that we carried out in April in Caracas leads us to the conclusion that existing external efforts to build dialogue and mediation are unlikely to gain traction if they are not accompanied by clearer commitments to defend core democratic norms.

THE EDGE OF THE ABYSS

On May 19, 2016, President Maduro declared a state of emergency in Venezuela and argued that the country was under attack from imperialist forces led by the U.S. Central Intelligence Agency. The political and economic crisis engulfing Venezuela is rapidly deteriorating and pushing

ABOUT THE AUTHORS

Federico Merke is professor of international relations and director of undergraduate studies in political science and international relations at San Andrés University, Argentina.

Andreas E. Feldmann is an associate professor in the Departments of Latin American and Latino Studies and Political Science at the University of Illinois at Chicago.

Oliver Della Costa Stuenkel is an assistant professor of international relations at the Getúlio Vargas Foundation in São Paulo. He is also a nonresident fellow at the Global Public Policy Institute in Berlin.

the country into an abyss. In what for decades was one of Latin America's most prosperous countries, a combination of hyperinflation, price controls, capital flight, and falling oil prices have produced an incipient humanitarian emergency. Over the past year, Venezuela's GDP contracted 8.4 percent while inflation rose to an astonishing 400 percent a year. The budget deficit is running at 14 percent of the country's GDP, one of the highest levels in the world.

The social consequences of this situation are severe. Poverty levels previously reduced by the Chavista revolution are now being wiped out by hyperinflation. Poverty levels rose from 27 percent of the population in 2013 to 73 percent in 2015.² Industrial production has largely stopped. The government lacks hard currency to import even milk, eggs, flour, and other basic products. Food shortages are widespread. There is an acute shortage of medicines. A major drought has forced the government to ration energy, crippling the economy even further. Falling budgets and energy shortages have forced the government to ask public employees to work only two days a week.

Violence has spread, particularly in major cities across the country. So far in 2016, 170 major looting incidents have been reported in San Cristóbal, Puerto Ordaz, Maracaibo, Caracas, and elsewhere. Violent crime has grown to epidemic proportions. Venezuela now has the highest homicide rate in the world.³ The *Economist* ranks Caracas as the most dangerous city in the world.⁴

Venezuela's long-simmering political standoff has become more acute. The Bolivarian revolution initiated by the late Hugo Chávez has profoundly polarized Venezuelans. Venezuela's 1999 constitution, written by the Chávez government, transformed the country's political system by diluting democratic checks and balances. Venezuela now retains few vestiges of a meaningful democracy. Power has been centralized, and the advantages of holding office have become overwhelming. Relations between the government and the opposition have become a highly confrontational, zero-sum game that lacks any spirit of accommodation or compromise. The ideological distance between the ruling government and the opposition now appears to be almost insurmountable.

The situation has worsened as a result of the unpopular presidency of Nicolás Maduro. Polls indicate that 70 percent of Venezuelans want him out of office this year.⁵ Maduro lacks the charisma and political skills of Hugo Chávez. The president is surrounded by loyalists and sycophants and seems out of touch with the travails of ordinary Venezuelans. In our conversations in Caracas, we were struck by how strongly Maduro is disliked and ridiculed not only by the opposition but also by many in the government.

The political crisis has spiraled out of control since the December 2015 legislative elections. The ruling United Socialist Party of Venezuela (PSUV) lost its sixteen-year control of the National Assembly to the Democratic Unity Roundtable (MUD), a coalition of opposition parties. The opposition won 112 seats (two-thirds of the total) against the regime's 56 seats. This supermajority granted the MUD significant powers, including the ability to block ministerial appointments, influence the government's budget, unseat sitting Supreme Court justices, call for a Constitutional Assembly, remove the vice president, and—most significantly—initiate a recall referendum (*revocatorio*) against the president.

The opposition's triumph initiated a more conflictive phase in Venezuela's political crisis. The result has been febrile polarization. An emboldened opposition began to wield its new power in an effort to undermine the government. The Maduro administration brought in the courts to annul the opposition's electoral gains. The government resorted to the Constitutional Court, which is packed with pro-regime judges, to impugn the victory of six members of parliament in an effort to take away the opposition's two-thirds supermajority. It also blocked a constitutional amendment introduced by the opposition to shorten Maduro's term.

The opposition initiated the process for a referendum to recall the president after it collected the necessary 1.85 million signatures in a petition. In Caracas, we heard widespread speculation that the government is planning to retaliate against state employees and citizens who depend on government programs if they sign the recall petition. Opposition leader Henrique Capriles told us that the recall referendum is

the best tactic because it uses formal provisions in the *chavistas'* own constitution.

Maduro attacked the initiative as a plot by what he damned as “the oligarchy” to derail the revolution. He created a special council headed by Jorge Rodríguez, the mayor of a Caracas district and one of his most loyal supporters, and charged it with signature revision. As a result of such tactics, many members of the opposition—in particular those who have been put in jail, such as Leopoldo López—insist that formal, institutional means are likely to be ineffective against the regime. There is thus a division in the opposition over what kind of strategy should be adopted.

The crisis is a strongly ideological battle for power. The government says that the turmoil is necessary to bring about radical social change and overcome conservative opposition to change. It insists that the humanitarian crisis is the result of the opposition, the United States, and other, so-called imperialist forces, orchestrating an economic boycott. For the opposition, *chavismo* is simply a defunct, authoritarian, and corrupt version of socialism. By harking back to the highly elitist Second Republic, some opposition leaders can appear insensitive to Venezuela’s poor and marginalized sectors.

The current impasse raises the stakes for both sides. An increasingly cornered government appears determined to cling to power and defend its revolutionary legacy—and to do so in ever more autocratic ways. The opposition has seized its rare electoral triumph to push forward a far-reaching reform agenda that entails removing Maduro and the PSUV from power entirely. Rather than the elections ushering in a search for compromise, both camps have adopted more rigid and radical positions. Our meetings in Caracas left us feeling that the prospects for negotiated agreements are increasingly slim.

All of this puts the army in a potentially decisive role. The armed forces are ostensibly loyal to the revolution but have distanced themselves from Maduro and his disastrous record. This has engendered much speculation over what the army’s eventual stance might be on some form of negotiated transition.

THREE SCENARIOS FOR MADURO AND VENEZUELA

There are three potential scenarios for how the crisis may evolve. The first is that the opposition succeeds in ousting Maduro through a recall referendum by the end of 2016. The second scenario would see the president hang on to power at least until 2017, even as Venezuela’s economy continues its downturn spiral and social conflict and repression escalate. The third possibility is a military coup against Maduro.

The chances of the first scenario occurring are slim. To succeed in the recall referendum the opposition would need to clear several, prohibitively high hurdles. It would need to collect the signatures of 20 percent of the electorate (nearly 4 million people) to trigger the referendum. In the referendum itself, the opposition would then need to win a greater number of votes than the 7.5 million votes won by the government in 2013. As indicated, the regime is already resorting to myriad means to prevent the referendum from taking place. Vice President Aristóbulo Istúriz has already stated that the opposition is too late to act and is guilty of procedural irregularities and even fraud.⁶ The National Electoral Council is supportive of the government and is aiming to delay the process until 2017. If the referendum is held (and won by the opposition) after December 2016, Maduro would have to leave office but there would not be new elections. The vice president would take over and the regime would survive—with Maduro effectively wielding influence from behind the scenes.

The second scenario—Maduro remaining in power—is the most likely. The regime has control of all the main state bodies and institutional processes that it can use to derail any effort to remove the president. This includes the judicial system, which ceased to be independent a long time ago and has openly pledged its support to defend the Bolivarian revolution and *chavismo*. Maduro recently filed a complaint against the National Assembly—and threatened to close the body down altogether—after the assembly backed moves to invoke the Organization of American States (OAS) Inter-American Democratic Charter against Venezuela (see below). The government has also moved to imprison more opposition figures,

human rights activists, and journalists and to break up social protests in an effort to undercut the opposition's momentum.

While Maduro is likely to stay in power, the economic and social situation is unlikely to improve. Indeed, barring increases in the price of oil large enough to replenish state coffers, the economy will almost certainly further deteriorate. Living conditions for most of the population will descend to an even more critical position. A large-scale social explosion and mass outflow of Venezuelan citizens across Latin America cannot be discounted.

This may bring the third scenario into play. With formal, institutional avenues for change virtually barred, the only scenario that would oust Maduro involves the military. There may be an internal coup or a rebellion in the military. For the moment this remains relatively improbable, but if the crisis worsens it cannot be completely ruled out.

Aware of that risk, Maduro—like Chávez before him—has sought to tie the military strongly into the regime, handing key positions in government to leading military figures. The regime has also given the army responsibility for food distribution across the country—an opportunity to make virtually limitless gains on the black market. Therefore, there will be a coup only if parts of the military—such as the middle- and lower-ranking members of the armed forces—believe the costs of repression and rising instability have begun to outweigh the benefits of supporting the Bolivarian regime. Venezuelan sources and diplomats we interviewed in Caracas spoke of growing divisions between high-ranking officers who have a stake in the survival of the regime and less senior officers who have not benefited directly from the existing order and seem worried about the country's general loss of direction.

SOUTH AMERICAN AMBIVALENCE

Against this backdrop, the role that regional actors could play to address the crisis has become more critical. Other South American governments and regional intergovernmental organizations have not been able to temper Venezuela's turmoil and have failed to read the nature or gravity of the

crisis correctly. As these actors have increasingly committed themselves to defending democracy across Latin America, their failure to intervene decisively in Venezuela stands as a conspicuous failure for their democracy support policies.

Regional Governments

Brazil's lack of clear backing for Venezuelan democracy has been often noted. Compounding this, the impeachment of Brazilian President Dilma Rousseff and the appointment of Michel Temer as interim president have now thrown Brazil into disarray and diverted the country from active foreign policy engagements. Brazil has for many years been a staunch supporter of the Venezuelan government. The transition of power in Brazil may change this stance and leave Venezuela more isolated. Brazil's new government invited opposition leader Henrique Capriles to Brasília in a clear sign of its evolving stance on Venezuela. Notwithstanding this modest shift, however, Brazil is unlikely to engage in any assertive support for Venezuela's democratic reformers. José Serra, Brazil's new foreign minister, is expected to run for president for a third time in 2018 and is unlikely to engage in topics that could produce negative headlines. Brazil can be expected to support a stronger regional reaction—such as Venezuela's suspension from Mercosur—only if another state takes the lead.

When he assumed power in December 2015, Argentine President Mauricio Macri challenged the reigning code of silence among Latin American countries by publicly condemning those left-wing governments that have eroded freedom of the press and other human rights. Since then, however, his government has gradually adopted a less principled position on Venezuela. This is in part related to the informal candidacy of Argentina's foreign minister, Susana Malcorra, to become the next secretary general of the United Nations, which reduces her willingness to confront Venezuela. Malcorra has advocated further attempts at dialogue with Caracas and rejected taking any punitive measures against the regime.⁷

Chile has become more vocal in its criticism of the Maduro government, but also without adopting a highly confrontational stance. The Chilean Supreme Court has pressed the Chilean government to get the OAS's Inter-American

Commission on Human Rights to visit Leopoldo López and another imprisoned opposition figure, Daniel Ceballos. The administration of President Michelle Bachelet has agreed to do this. This is probably the most forward-leaning measure taken anywhere in the region—which shows how low the hurdle has been set in democracy support measures and how strikingly cautious Latin American governments have been in trying to limit the extension of authoritarianism in Venezuela.

In Uruguay, the ruling administration of President Tabaré Vázquez of the center-left Frente Amplio (Broad Front) has so far adhered to a noninterventionist position. Former government figures including ex-president José Mujica and his foreign minister, Luis Almagro—who is now head of the OAS—have vocally criticized the Maduro administration for its handling of the economy and for its authoritarian turn.⁸ But the current Uruguayan government has maintained a hands-off approach.

Hence, the agenda of democracy promotion in Venezuela has no regional champion. All of Latin America is suffering a hangover from the ongoing commodity bust, which has led to low growth, high public debt, and widespread voter discontent. Venezuela still provides subsidized oil to at least ten countries in the Caribbean and retains traditional allies in Bolivia, Ecuador, and Nicaragua. Governments in the region apparently have no appetite to incur any risks by supporting Venezuelan democrats. Even those governments that extol pro-democracy rhetoric are in practice driven by *realpolitik*.

None of the South American governments that profess support for democratic norms has offered any material support to Venezuelan civil society or any capacity building for pro-democracy activism. This kind of democracy support, which is standard fare in other regions, is still apparently anathema in Latin America—even in the case of such a repressive autocratic turn as witnessed in Venezuela. Venezuelan opposition leaders told us how disappointed they are with the lack of wholehearted support from Argentina, Brazil, Chile, and other states.

Intergovernmental Organizations

Various parliamentary organizations have visited Venezuela. Many of them have criticized Caracas for imprisoning opposition figures and curtailing the freedom of expression. These efforts have, naturally, been met with a hostile reception by Venezuelan authorities. A Brazilian delegation of center-right members of Congress was attacked by an angry mob on its way to visit opposition leaders in prison from Simón Bolívar International Airport and was forced to leave the country. Parliaments in Brazil, Chile, Colombia, Paraguay, Peru, and Uruguay have voiced concern over the erosion of democratic rule in Venezuela—but this has not pushed their respective governments into any more tangible pro-democracy support.

Regional organizations have been equally ineffective in getting a grip on the crisis. The Bolivarian Alliance for the Peoples of Our America (ALBA) has been severely weakened by the Venezuelan crisis and the 2015 electoral upset in Argentina. ALBA now counts on the support of only a relatively small, less influential group of left-populist governments in Bolivia, Cuba, Ecuador, and Nicaragua. The new diplomatic dialogue between Havana and Washington leaves Venezuela's regime further exposed at a regional level.

The Union of South American Nations (UNASUR)—long influenced most strongly by pro-*chavista* governments—is now less likely to be able to mediate in the Venezuelan crisis due to the rise of center-right governments in Buenos Aires, Lima, and Brasília. Colombia's commitment to UNASUR has been limited from the very beginning. Policymakers in Buenos Aires and Brasília see the UNASUR secretary general, former Colombian president Ernesto Samper, as too pro-Maduro.

With ALBA and UNASUR sidelined and weakened, eyes have turned to the OAS. Venezuela has long worked to weaken the OAS by questioning its legitimacy and financing rival regional bodies. Many Latin American governments share this unease with the OAS and the role it accords to the United States in the region. This has prevented the OAS from playing any significant role in Venezuela. However, Almagro,

the current secretary general, has recently been one of the most outspoken critics of the Venezuelan government. In a recent series of Twitter posts, Maduro accused Almagro of being “a traitor,” and Almagro replied by calling Maduro “a petty dictator.”

In May 2016, Almagro invoked Article 20 of the Inter-American Democratic Charter and asked for a meeting of the OAS Permanent Council, submitting a comprehensive report that laid out the case against Venezuela’s violations of democracy and human rights. This is the first time that a secretary general of the OAS has taken such an initiative in support of democracy. Although the democratic charter was designed mainly as a mechanism to protect incumbents from coups, it makes it possible for the secretary general or any member state to call for a meeting of the Permanent Council where incumbent governments are themselves putting democracy at risk.

This call was received with great enthusiasm by several organizations such as Human Rights Watch, the International Crisis Group, and—as mentioned—the Venezuelan parliament.⁹ It certainly succeeded in generating a nationwide debate about the crisis in Venezuela. However, the (two-thirds majority) support needed to suspend Venezuela is lacking in the OAS. The new governments in Argentina and Brazil have both opposed any use of the Democratic Charter. OAS states declined to activate the charter when they met on June 23, 2016. If this charter is not invoked in the current context in Venezuela, it is difficult to imagine that it has any tangible utility at all. It remains unclear what the OAS can do in any concrete sense to foster democratic transition in Venezuela.

Mercosur has also, so far, failed in its mediation efforts. It took Paraguay, one of the region’s smallest countries, to request a meeting of Mercosur foreign ministers to address the situation.¹⁰ Paraguayan government officials often express frustration that Brazil and Argentina, which were swift to punish Paraguay for a less clear-cut overturning of democracy four years ago, are today silent in the face of Venezuela’s massive violations of democratic governance. Paraguay complains that it was suspended from Mercosur for blocking Venezuela’s

accession to the bloc, more than for reasons related to democracy. Although Mercosur is unlikely to suspend Venezuela or exert other forms of pressure on Maduro, on June 10 the foreign ministers of Argentina, Brazil, Chile, and Uruguay signed a declaration condemning the violence in Caracas and reasserting that “the authorities are responsible for guaranteeing the right to peaceful demonstrations and to freedom of speech.” The ministers also urged that “disagreements be settled through peaceful dialogue and democratic methods.”¹¹ Mercosur’s role is more likely to be played through critical persuasion of Venezuela than through punitive sanctions against it.

NEEDED: A NEW REGIONAL APPROACH

Regional actors’ mediation efforts have failed to preserve democracy in Venezuela. While such bridge-building approaches should continue, they need to be backed up by a more assertive stance toward the Maduro government. The vast majority of Latin American countries seem unwilling to take an active stance on the crisis as they fear the diplomatic costs and the precedent such moves could entail. In so doing, however, they are tacitly favoring the government’s position to the detriment of democracy and the Venezuelan people.

The region should act more decisively in the defense of democracy, in particular given that the humanitarian crisis afflicting Venezuela poses real dangers for regional stability. The OAS should be one of the main vehicles of a new regional strategy. Argentina, Brazil, Chile, and other countries in the region (Canada, Colombia, Costa Rica, Mexico, Peru, and Uruguay) should help put together a coalition of the two-thirds of OAS members needed to suspend Venezuela until the Maduro government restores judicial independence and the protection of fundamental rights. To flank this move, Brazil, Argentina, and Uruguay should suspend Venezuela from Mercosur.

While some analysts argue that such initiatives would have little effect, the Maduro government cares far more about its international reputation than is generally appreciated. Indeed,

preserving an image of stability is so important that—insiders told us—the government sees servicing foreign debts as more pressing than maintaining social programs.

Mediation efforts should continue alongside such critical measures. Former Spanish prime minister José Luis Rodríguez Zapatero has recently engaged in efforts to establish a meaningful dialogue between the government and the opposition. While the chances for success are limited, these efforts are laudable and should be maintained. They cannot, however, remain the only response to the crisis in Venezuela.

Brazil and Argentina have clear reasons to step in. Venezuela's crisis damages the region's reputation and feeds the notion that South America is adrift and incapable of solving its own problems. In addition, the leaders of other governments will look for cues from Brasília and Buenos Aires as they make up their minds on how to act. More importantly, both Brazil and Argentina have a moral obligation to help, after their previous governments actively promoted economic cooperation with Caracas during a period when Maduro and Chávez worked to dismantle Venezuela's democracy. Without diplomatic support and economic engagement from Brasília and Buenos Aires over the past decade—which generated ample economic rewards for Brazil and subsidized oil for Argentina—*chavismo* could not have kept itself afloat or gained such an uncompromising grip on power. Realpolitik thinking should be inverted: Venezuela's opposition is bound to take over at some point and is unlikely to forget the lack of pro-democratic support from its neighbors.

Our meetings in Caracas left us convinced of the urgent need for a more effective regional strategy for supporting democracy in Venezuela yet pessimistic about the likelihood that this will take shape. With Argentina's government reluctant to lose votes for Malcorra's campaign to become UN secretary general and Brazil's government too unstable to take leadership in a meaningful way, the omens are not good. It is far from clear whether Mercosur can unify to suspend Venezuela or whether two-thirds of the other 34 countries in the OAS are willing to invoke the Inter-American Democratic Charter.

Action via the OAS or Mercosur would increase pressure on the Maduro government to cease its attacks against the legislature and scale down its meddling in the judiciary. This would not be an undue interference in the country's internal affairs, nor would it be a signal that regional actors are biased toward the opposition. Rather, it would be a defense of Venezuelans' rights to choose their leaders—and a sign that the region is capable of using the legal instruments that have been arduously established over the past two and a half decades in a very practical way to further democratic norms.

NOTES

- 1 We thank Richard Youngs for his insightful comments and help in the preparation of this essay.
- 2 Daniel Gallas, “Venezuela: Economy on the Brink?,” BBC, December 7, 2015, <http://www.bbc.com/news/world-latin-america-34983467>.
- 3 “The World’s Most Dangerous Cities,” *Economist*, February 3, 2016, <http://www.economist.com/blogs/graphicdetail/2016/02/daily-chart-3>.
- 4 Ibid.
- 5 Gallas, “Venezuela: Economy on the Brink?”
- 6 “Venezuela’s President Maduro ‘Won’t Face Recall Referendum,’” BBC, May 17, 2016, <http://www.bbc.com/news/world-latin-america-36301742>.
- 7 Sylvia Ayuso, “Venezuela da en la OEA un portazo a cualquier mediación en su crisis,” *El País*, May 5, 2016, http://internacional.elpais.com/internacional/2016/05/06/estados_unidos/1462492624_995606.html.
- 8 “‘Pepe’ Mujica Said Maduro Is ‘Mad as a Hatter,’” *La Nación*, May 19, 2016, <http://www.lanacion.com.ar/1900289-pepe-mujica-dijo-que-maduro-esta-loco-como-una-cabra>.
- 9 “Venezuela: OAS Should Invoke Democratic Charter,” Human Rights Watch, May 16, 2016, <https://www.hrw.org/news/2016/05/16/venezuela-oas-should-invoke-democratic-charter>; Phil Gunson, “Venezuela: The Light at the End of the Tunnel?,” International Crisis Group, January 8, 2016, <http://blog.crisisgroup.org/latin-america/venezuela/2016/01/08/venezuela-the-light-at-the-end-of-the-tunnel/>.
- 10 “Paraguay Requests Meeting of Mercosur Foreign Ministers to Address Venezuela Situation,” *MercoPress*, May 27, 2016, <http://en.mercopress.com/2016/05/27/paraguay-requests-meeting-of-mercosur-foreign-ministers-to-address-venezuela-situation>.
- 11 Ministry of Foreign Affairs and Worship, “Press Release on Venezuela,” *Argentine Republic*, June 10, 2016, <https://www.mrecic.gov.ar/en/press-release-venezuela>.

The Carnegie Endowment is grateful to the Robert Bosch Stiftung, the Ford Foundation, and the UK Department for International Development for their support of the Rising Democracies Network. The opinions expressed in this article are the responsibility of the author.

CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

The Carnegie Endowment for International Peace is a unique global network of policy research centers in Russia, China, Europe, the Middle East, and the United States. Our mission, dating back more than a century, is to advance the cause of peace through analysis and development of fresh policy ideas and direct engagement and collaboration with decisionmakers in government, business, and civil society. Working together, our centers bring the inestimable benefit of multiple national viewpoints to bilateral, regional, and global issues.

RISING DEMOCRACIES NETWORK

The Rising Democracies Network is an initiative of the Carnegie Democracy and Rule of Law Program, which rigorously examines the global state of democracy and international efforts to support democracy's advance.



© 2016 Carnegie Endowment for International Peace. All rights reserved.

Carnegie does not take institutional positions on public policy issues; the views represented herein are the author's own and do not necessarily reflect the views of Carnegie, its staff, or its trustees.

