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An Assessment of the Current Venezuelan Situation and Recommendations for the Future

A bipartisan delegation sponsored by the Center for Strategic and International Studies (CSIS) visited Venezuela from June 9–13 to assess the political and economic crisis afflicting this strategically important U.S. neighbor. The delegation included Kenneth “Buddy” MacKay Jr. (White House special envoy for the Americas during the last two years of the Clinton administration and former governor of Florida), Alexander Watson (former ambassador and assistant secretary of state for the Western Hemisphere), José Sorzano (deputy U.S. ambassador to the United Nations during the Reagan administration and senior director for Latin America at the National Security Council), and Brian Latell (former national intelligence officer for Latin America and currently adjunct professor at Georgetown University). The delegation was led by Miguel Diaz, director of the CSIS South America Project.

The group had substantial discussions with many of the most important political figures in Venezuela today. They included President Hugo Chávez; Vice President José Vicente Rangel; Foreign Minister Roy Chaderton; National Assembly president William Lara; Supreme Court president Ivan Rincon Urdaneta; the armed forces inspector general; government ministers; legislators from across the political spectrum; governors; labor, business, and civil society leaders; academics; and the local and international press.

This report reflects the views of all five members of the delegation. It includes recommendations intended to alleviate the extreme political and social polarization in Venezuela and to help preserve and strengthen democratic governance.

High Potential for Conflict

We found a society alarmingly divided with a high potential for further violent conflict if tensions are not relieved soon. A number of our interlocutors described a situation on the verge of “grave confrontation” between President Chávez and his supporters on the one side and the large array of groups opposed to him on the other. One prominent elected official told us that another anti-Chávez coup attempt is only days, at most weeks, away. We had the distinct sense that some in the opposition hope for another, more definitive confrontation than that of April 11–14, when Chávez was briefly deposed and then returned to power amid widespread violence. Both sides have been inciting tension, and some of the most radical among them have apparently been preparing for another showdown, perhaps involving action by elements within the armed forces, which are under extreme pressure from both sides. Many Venezuelans are armed and mobilized. Although Chávez’s once-overwhelming support has waned considerably over the last year and a half, Vice President Rangel’s assertion that government and opposition forces are “in equilibrium” may be reasonably accurate. “Neither,” he told us, “can crush the other.”

Two potentially catalytic events scheduled to occur during the first two weeks of July could provoke the renewed violence so many Venezuelans are predicting:

- ◆ ON JULY 5, military promotions and annual reassignments are scheduled to be announced. If anti-Chávez officers are removed en masse the already deep divisions and animosities in the armed forces could erupt in violent conflict.
- ◆ ON JULY 11, the 1.3-million-member Venezuelan Labor Confederation (CTV) plans a national work stoppage to protest government policies. The CTV leadership we met is fervidly anti-Chávez, an antagonism that was aggravated by the president’s electoral challenge to the union leadership. (It was a large antigovernment demonstration on April 11 sponsored by the CTV that sparked the April coup and counter coup.)

Increasingly Militant Polarization

Low-level violence, intimidation, and fear characterize Venezuela’s polarized politics. None of us can recall a situation in any other Latin American country since the 1970s when social and political polarization was as deep and seemingly irreconcilable, with the exception of countries that actually experienced civil war.

The roots of the crisis go back many years as Venezuelan democracy gradually broke down amid vast corruption and centralization of power in the hands of the two traditional political parties. As a young paratrooper, Chávez launched a bloody coup attempt in 1992 against that system and then rose to power in 1998 with the support of large majorities of the populace, including many groups that now bitterly oppose him. The impoverished and previously underrepresented have been his core constituency, but the government has done very little to improve their lot. Nonetheless, Chávez seems to retain their strong

support because he continues to stimulate their hopes. Unfortunately, rather than bringing people together, Chávez has aggravated the polarization by his excessive rhetoric, prompting the opposition to respond in kind. The end result: at this moment each side in the drama tends to believe the worst about the other.

Chávez's creation of Bolivarian Circles—loosely organized groups of his most ardent followers—has been one of the most divisive of his initiatives. Chávez's opponents fear that the circles are modeled on Cuba's Committees for the Defense of the Revolution and form a paramilitary vanguard of the militant socialist state they believe the president intends to create. Chávez and his allies insist in contrast that the circles only perform basic social and economic services in the poorest neighborhoods.

We were unable to get clear or consistent information about the Bolivarian Circles. When we asked how many have joined, our respondents provided widely disparate estimates ranging from a few thousand to 80,000–100,000 (Vice President Rangel). President Chávez told us that they have 300,000 members. We were also unable to assess to what extent they have been armed by the government (some doubtless are, in a society where weapons abound) or how well organized or centrally commanded they are. It seems that members are drawn mainly from the poorest sectors of society, although a university professor we met claims that about 10 percent of his faculty colleagues are also active.

We are unable to evaluate the numerous incidents of intimidation that opposition sources attribute to members of the circles or to judge the circumstances under which Chávez's supporters inflicted casualties on opposition demonstrators on April 11. The mid-April events are under examination by the attorney general, who described to us the investigative staffs he has assembled and the arrests already made. A congressional inquiry into the mid-April event is also taking place.

We were alarmed that a number of opposition legislators of the National Assembly have been verbally and physically assaulted and threatened by Chávez's supporters in the streets surrounding the congress. One female member told us of being attacked by an individual who threw a bottle of acid at her. Last week, according to a press report, even the pro-Chávez assembly president was accosted when he pleaded with Chávez militants to disperse.

The president and his allies deny that the circles have been armed, but opponents have no doubt that many members carry weapons and are being trained in shock troop methods. Those opponents describe intimidation tactics in upscale neighborhoods by pro-Chávez toughs riding motorcycles. Individuals in the opposition claim that Chávez's most radical supporters—the so-called talibans—are preparing to wage violent conflict against the country's elites. Some of the latter, in response, are preparing to defend themselves. We heard that condominium associations in wealthy neighborhoods are meeting and beginning to get arms and that some in the opposition are planning to form Colombia-style self-defense forces. Most alarming was the angry, casual talk we heard from some on both sides about the possibility of a definitive bloodletting.

Virtually all dialogue between the two sides has broken down. Nearly all of those in the opposition with whom we met insist that there is only one solution to the impasse: Chávez must leave office as soon as possible. They are independently pursuing three or four possible methods to evict him by constitutional means, but some would clearly be pleased if the military carried out a successful coup regardless of the adverse reactions it would provoke internationally.

Views of Chávez's Opponents

Chávez's "revolution" has completely failed, according to a prominent Venezuelan politician-commentator, yet ironically he has succeeded in creating a powerful counterrevolution. Antipathy to him is strongest among the wealthy and middle class, where his support has always been the weakest. But large numbers of others who supported him at first have become no less adamant. They include people from across the social and economic spectrum. Some who worked for his electoral campaigns and held positions in his government or were members of the pro-Chávez bloc in the assembly—such as the leftist Movement toward Socialism Party (MAS) and allies of his one-time leftist associate Luis Miquelena—are now among his most determined adversaries. The latter groups were described to us as neo-anti-*Chávistas*.

The complaints and fears of his opponents can be divided into five general categories:

- ◆ **CHÁVEZ IS ANTIDEMOCRATIC.** The secretary general of the CTV told us that "the government has threatened and restricted democracy." We heard similar complaints from top media executives and many other private-sector and nongovernmental-organization (NGO) representatives. Chávez's penchant to rule by decree, his concentration of power in the presidency, his frequent talk of revolutionary change, and the growth of the Bolivarian Circles have strengthened this perception.
- ◆ **CHÁVEZ'S MANAGEMENT STYLE IS CHAOTIC.** Chávez and his government team have not known how to govern. They have ruled through rhetoric and exhortation rather than clear strategies, sound programs, and effective administration. Some top appointments since mid-April seem to reflect a distinct improvement in this regard, but turnover in top government positions has been high. We heard that Chávez has made more than 30 ministerial changes in just three years.
- ◆ **THE ECONOMY IS FLOUNDERING.** All economic indicators have been negative. The economy will contract by at least 3 percent this year; inflation is running between 30 and 40 percent; unemployment and underemployment are rising dramatically; capital flight has accelerated; foreign and direct investment have all but dried up; and small businesses are closing.

- ◆ CHÁVEZ'S LEADERSHIP STYLE IS CONFRONTATIONAL. Chávez has admitted publicly that he made mistakes in the past and his vice president told us that the president has used exaggerated language. The vice president insists that he has changed and become more conciliatory. Some important steps in that direction have indeed been taken since mid-April. Nevertheless, Chávez continues to use unmistakably inflammatory language in public that exacerbates tensions and feeds the fears of his opposition. Even after promising after the coup to curb such rhetoric, he has reverted to form.
- ◆ CHÁVEZ IS TOO INFLUENCED BY FIDEL CASTRO. His frequent meetings with the Cuban leader and effusive praise of the Cuban Revolution have generated intense alarm. Many Venezuelans fear that he plans gradually and through deception to create a socialist state in which he controls all branches of government as well as other key institutions and pressure groups. During the two years after his first election in 1998, his enormous popularity would have made nationalizations or other radicalization much easier than they would be now. So far, however, the worst expectations of the opposition have not taken place.

Chávez and his supporters claim to be seeking dialogue but the distrust on both sides is so intense that no progress has been made. We were told by an opposition legislator that the president has “never met with opposition deputies” since he entered office. At the same time, groups in the opposition with whom we met did not seem inclined seriously or patiently to seek accommodation. A member of the government-sponsored dialogue commission, created after the events of mid-April informed, us that it has been ineffective and in any event is dominated by Chávez loyalists. Vice President Rangel, who runs the commission, spoke to us of its broad membership, though he indicated that opposition political parties have refused to participate.

On balance, it appears to us that it is only within the National Assembly where pro- and anti-Chávez forces have the opportunity to conduct something approximating an open political dialogue. No other fora for reasoned exchange appear to exist. The hierarchy of the Catholic Church is respected and influential but estranged from Chávez after his frequent use of strident language against it. We even heard reports that the church was supportive of the mid-April coup.

In the unicameral National Assembly, however, some limited dialogue is occurring. In part this is the result of the numerous defections to the opposition by former pro-Chávez members. Left-wing and reformist legislators have joined with traditionally anti-Chávez colleagues and are now within several votes of forging an antigovernment majority. The assembly president told us that there are 87 firm votes for Chávez in the 165-member legislature. Other members claimed the government has only 85 reliable supporters. In either case, a change of just a few votes would alter the legislative balance of power.

During the several hours we spent visiting the congress and meeting with members we observed encouraging signs of willingness to discuss some of the country's polarizing issues. We witnessed some recrimination between opposing elements, but we also observed members attempting to manage a dialogue. There at least, elected representatives of mutually loathing forces are dealing with each other day in and day out.

Our Meeting with Chávez

We spent two hours meeting with President Chávez on the verandah of *La Casona*, the presidential residence in Caracas. It is easy to understand the charismatic appeal that he holds for the poor masses, and we just as readily appreciate why he so flagrantly antagonizes other sectors of society. He was forceful and presented his views passionately, but they were general, even philosophical, rather than specific.

He did nearly all of the talking, but did not take umbrage at any of the probing questions we asked. He met with us alone, without any staff members present or hovering. During our discussions he ignored several messages brought by a military aide and turned off his cell phone. Clearly he wanted to impress us that his intentions are good and that he wants to be a friend of the United States. He expressed great interest in meeting with President Bush and frustration that that has not happened—beyond a brief conversation last year in Quebec. (The point that Venezuela wants to make amends with the United States was raised in an earlier meeting by the foreign minister, who indicated that he had received a mandate from Chávez to improve Venezuela-U.S. relations.) Yet Chávez showed no willingness at all to retreat from some of the policies that concern Washington.

We pressed him to acknowledge that the Marxist FARC guerrillas in Colombia are a dangerous international terrorist organization, but he refused to clarify his position that many believe at least indirectly supports the guerrillas.

When asked about his Bolivarian Circles and the potential armed threat they pose, Chávez insisted that they are no more or less armed than the public at large and that as a matter of policy the government is not arming any group.

Like Vice President Rangel, Chávez also dismissed widespread allegations that Cuban security personnel are helping his government. He denied that he wants to make Venezuela into another Cuba and enumerated a list of differences between the two countries. He insisted, for instance, that unlike Fidel Castro, he is a democrat.

When asked about the current political situation in the aftermath of the April coup, Chávez responded with surprising serenity. He said he believes the situation is now less tense and much improved, a dramatic contrast with perceptions we found in almost every other quarter. One leading Venezuelan pollster told us that Chávez's popularity spiked 10 points, to about 45 percent, in the weeks following the coup. He thought this was because the president was perceived as a martyr

and was admired for the strength and resolve he demonstrated against his enemies.

At length Chávez pronounced his love of the poor masses, which he said they reciprocate. The opposition, he said, has been “injecting hatred into the body politic.” In contrast, he only wants love to prevail. He was sharply critical of the independent television stations that he claims have been broadcasting lies with the intent of inciting his enemies. In this manner he seemed to portray himself as an innocent victim of rich and powerful enemies, a tactic that seems to have worked well for him since the events of last April.

During the week of our visit, Chávez was lashing out angrily against the independent television stations and Vice President Rangel spoke to us about media “abuses.” But we heard in turn from private-sector and media representatives of specific government abuses of the private media, including brief interruptions of broadcasting imposed by military units and harassment of press staff by pro-Chávez elements.

The Danger of a Long-Term Violent Impasse

Chávez retains a hard core of support—probably ranging between 25 and 40 percent of the populace. It is overwhelmingly concentrated in the poorest, most disadvantaged social sectors, where crime, poverty, and unemployment are acute. Some of his supporters are convinced that he will retain his hold over the masses even as the economy further constricts this year and their welfare deteriorates. Their argument is that Chávez’s charismatic appeal with his base is so great, and their standards of living already so meager, that worsening economic problems will impact minimally on them.

If this analysis is largely correct, Venezuela’s acute political polarization is likely to persist indefinitely, with or without Chávez in office, until the root cause of poverty and inequality are effectively addressed. Even if he were removed from power again, he would probably be able to call out large outpourings of his supporters. The longer-term danger for stability and democratic rule is that an increasingly mobilized and radicalized *Chávista* mass could loom for years as a volatile force demanding a fair share of the country’s wealth and political influence. In our conversation with Vice President Rangel he warned that if Chávez’s revolution is undemocratically annihilated, Venezuela could drift into decades of severe bloodletting similar to what Colombia has experienced.

We believe that analogy is an extreme one, but clearly today’s acute polarization could become much worse if Chávez is forcibly removed from office. After the populist Argentine president Juan Perón was overthrown by the military and economic elites in 1955, the country remained polarized for decades. The third or more of the populace that continued fervently to support the exiled Perón made genuine democratic governance impossible as political violence increased and the largely class-based polarization persisted. It was a prominent Venezuelan businessman who told us that “we are a rich country full of poor people.”

Our Recommendations

- ◆ VENEZUELA'S CRISIS WARRANTS SUSTAINED AND SUBSTANTIAL ATTENTION BY THE INTERNATIONAL COMMUNITY, ESPECIALLY THE UNITED STATES.

The country is of critical importance to the United States, not only as a supplier of petroleum but also as a potential Caribbean and Andean regional linchpin, where democracy is gravely threatened. Executive branch policymakers probably need a stronger and more diversified flow of information so they can better understand and anticipate the country's distress. More members of Congress should recognize its importance.

- ◆ CREDIBLE INTERNATIONAL MEDIATORS, PERHAPS UNDER THE AUSPICES OF THE ORGANIZATION OF AMERICAN STATES, SHOULD WORK TO NARROW THE CHASM BETWEEN THE GOVERNMENT AND ITS OPPOSITION.

The polarization is so acute that the two sides have almost no ability or inclination to seek accommodations involving compromise. A credible international mission, supported by a small staff in Caracas, could facilitate dialogue on critical issues and help promote stronger democratic governance and institutions.

- ◆ A NEW RECONCILIATION COMMISSION SHOULD BE CREATED.

The government's dialogue commission is not working; the opposition believes it is controlled by Chávez's allies, and it does not include representatives of important groups. A new mechanism, with international assistance and monitoring, could provide a much-needed forum for constructive discussions across Venezuela's political divides.

- ◆ CONFIDENCE-BUILDING MEASURES BY BOTH SIDES SHOULD BE ENCOURAGED AND MONITORED.

Each side could begin such a process by eschewing the use of inflammatory rhetoric. Chávez should renounce the use of violence by his supporters and take unequivocal public stands with respect to the Bolivarian Circles, the FARC guerrillas, and Cuba. He could, for example, speak out unequivocally against pro-regime violence and intimidation during one of his "Alo Presidente" broadcasts, which apparently still reach large audiences, especially among his hard-core followers. Opposition leaders should also lower the tone and intensity of their rhetoric.

- ◆ INTERPARLIAMENTARY CONTACTS BETWEEN VENEZUELA'S NATIONAL ASSEMBLY, THE U.S. CONGRESS, AND OTHER DEMOCRATIC LEGISLATURES SHOULD BE INCREASED TO HELP STRENGTHEN INSTITUTIONAL CAPABILITIES AND BALANCES.

We found the National Assembly to be the only functioning forum today where the many parties and factions actually debate national issues. Created when Chávez's new constitution was ratified in 1999, the assembly has little legislative experience, rules of parliamentary procedure are still evolving, and legislative-executive relations leave much to be desired. International technical assistance

could greatly help to address these shortcomings. As part and parcel of efforts to boost the role of the legislature, we encourage the U.S. government to strengthen the political parties.

- ◆ A MID-TERM REFERENDUM ON CHÁVEZ'S RULE LOOKS LIKE THE LEAST CONFRONTATIONAL, CONSTITUTIONAL MECHANISM TO SURMOUNT THE CRISIS.

A recall referendum is explicitly described in Chávez's 1999 constitution, and its results would be binding. The other alternatives being pursued by the opposition (impeachment, constitutional amendment to shorten the presidential term) seem to face daunting constitutional and legal challenges and in the end may add to the polarization. The Supreme Court has recently clarified that a recall referendum could be scheduled in August 2003. If the voters recalled him, elections for a new president to serve out the remainder of Chávez's term would be called within 30 days. Chávez, we understand from our discussions with members of the Supreme Court, could not be a candidate. The National Elections Commission will play a crucial role in any electoral solution, but it must be strengthened so that it can meet its obligations in a technically competent, objective, and nonpartisan fashion. The United States and other governments and international organizations should provide necessary assistance on an urgent basis.

- ◆ THE INTERNATIONAL COMMUNITY SHOULD FOCUS ATTENTION ON HUMAN RIGHTS ISSUES IN VENEZUELA.

The intimidation and physical violence currently being used against elected representatives at the National Assembly inhibits free dialogue and threatens democratic governance. Opposition legislators told us that the violence has been inflicted by members of the Bolivarian Circles or other radical supporters of President Chávez. Other groups that espouse or have employed violence in efforts to undermine or topple the government should also be monitored.

- ◆ THE MILITARY REMAINS THE KEY TO THE BALANCE OF POWER AND AS SUCH SHOULD BE ENCOURAGED TO RESPECT DEMOCRATIC GOVERNANCE.

U.S. and other international assistance to further professionalize the armed forces and instill in the officer corps respect for democratic processes should be increased.

- ◆ THE SIZE, STRENGTH, AND SOURCES OF FUNDING OF THE BOLIVARIAN CIRCLES NEED TO BE BETTER UNDERSTOOD IN VENEZUELA AND THE UNITED STATES.

Nearly everything about the circles is in dispute between Chávez's supporters and his opponents: whether they get covert government funding; whether they are armed and being trained in violent methods; their size and capabilities; whether they receive Cuban government support; as well as their purposes and the ultimate role Chávez wants them to play. We heard widely differing views on most of these issues but were able to find almost no verifiable facts. Is the opposition

living in dread of a phantom threat? Or are Chávez and his allies covertly building a powerful force that could be used someday to seize total power?

In closing, we urge the U.S. government and public to give the Venezuelan crisis the urgent attention that it deserves. Venezuela has traditionally been a strong ally and reliable business partner, and it has democratic traditions and aspirations. It deserves much greater attention.

Members of the delegation wish to thank and commend the numerous Venezuelan government and private-sector representatives who so generously made themselves available and provided support of all types for our visit. We are also grateful for the support provided by Delta Airlines.

Finally, those of us who were invited by the Center for Strategic and International Studies to be members of the delegation also want to commend Miguel Diaz, the organizer of the visit, for his extraordinary and fruitful efforts, which we hope will contribute to strengthening democratic processes in Venezuela and improving relations between our two countries.