

## Venezuela: Accelerating the Bolivarian Revolution

### I. OVERVIEW

President Hugo Chávez's victory in the 15 February 2009 referendum, permitting indefinite re-election of all elected officials, marked an acceleration of his "Bolivarian revolution" and "socialism of the 21st century". Chávez has since moved further away from the 1999 constitution, and his government has progressively abandoned core liberal democracy principles guaranteed under the Inter-American Democratic Charter and the American Convention on Human Rights. The executive has increased its power and provoked unrest internally by further politicising the armed forces and the oil sector, as well as exercising mounting influence over the electoral authorities, the legislative organs, the judiciary and other state entities. At the same time, Chávez's attempts to play a political role in other states in the region are producing discomfort abroad. The September 2010 legislative elections promise to further polarise an already seriously divided country, while unresolved social and mounting economic problems generate tensions that exacerbate the risk of political violence.

Taking advantage in 2009 of a non-electoral year in which he stands to lose little in terms of political capital, as well as of his undisputed control of the National Assembly, Chávez has pushed through a series of laws that have been unpopular with broad sectors of the populace. Continued targeting of the political opposition and the mass media, coupled with growing economic, security and social problems, are deepening discontent. Ten years in power have failed to produce significant and sustainable improvements in the living conditions of the poorer segments of society, which are also experiencing critical levels of insecurity and stark deficiencies in basic public services. Tense relations with Colombia may take a toll on the president's popularity at home.

In an unfavourable political and legal context and with restrictions imposed upon them, the opposition parties are attempting to consolidate an alternative political project with which to challenge Chávez in the 2010 elections. Nevertheless, and in spite of internal fissures, the United Socialist Party of Venezuela (PSUV) remains the most powerful political force in the country, due to the president's leadership. Despite the growing internal tensions, Chavez's grip on the levers of power and his

remaining popularity with certain sectors of society are likely to be sufficient to allow him and his party to preserve their control of the National Assembly.

### II. REVERSING THE REGIME'S FORTUNE

In a close December 2007 referendum (51 per cent to 49 per cent), Chávez was denied permission to reform the constitution he himself had promulgated in 1999. This was the first electoral setback since he took office in 1998 and a clear message from both the pro- and anti-Chávez camps that some of the more radical initiatives in his reform package were unwelcome.<sup>1</sup> In November 2008, Chávez and his recently created PSUV party won seventeen of 22 states and 263 of 326 municipalities in the municipal and regional elections, but they also suffered losses and forfeited former strongholds.<sup>2</sup> The biggest blow was losing Miranda state, previously a government stronghold ruled by Diosdado Cabello, an unconditional supporter of the president. This was a "punishment" vote (*voto castigo*) that reflected popular discontent with the governor, but not necessarily broader support for the opposition candidate, Henrique Capriles (Primero Justicia party, PJ). Despite its overall defeat, the opposition proved the president was not invincible by making some gains in regional leadership and showing capacity to influence local electorates.

Early in 2009, the National Assembly authorised a referendum on indefinite re-election, identical to what the president proposed in December 2007. This time, however, he introduced the concept of re-election also for governors and mayors, thus encouraging them to become more actively involved in rallying support for the initiative. The strategy paid off on 15 February, as 6.3 million votes in favour and 5.2 million against gave Chávez a comfortable victory and the possibility of standing for office indefinitely. This marked a new phase for Chávez and his "socialism of the 21st century". The regime regained momentum and confidence, and the president's tone became more defiant again, as he began to carry out

<sup>1</sup> See Crisis Group Latin America Report N°27, *Venezuela: Political Reform or Regime Demise?*, 23 July 2008, pp. 11-12.

<sup>2</sup> Chávez candidates lost in Nueva Esparta, Carabobo, Zulia, Táchira and Miranda.

his legislative agenda and ask for support in ensuring that all laws considered contrary to his socialist project be eliminated by the end of the year.

## A. RADICAL MEASURES

Since the beginning of 2009, and in a similar way to 2008, when he used the Enabling Law (*Ley Habilitante*) to impose his legislation by executive decree, the Chávez-controlled National Assembly has passed a number of controversial laws on private and public education, property and electoral processes that mirror proposals contained in the defeated 2007 reform.<sup>3</sup> The laws were all adopted during the mid-year holiday season, a tactic that many interpreted as meant to catch the general public by surprise and minimise negative reactions. Due to fierce opposition, the government was nonetheless forced to drop a law on “media crimes” that purported to “regulate freedom of speech” and would have set lengthy prison sentences for broadcasting information it considered threatened peace, national security, and moral and social values,<sup>4</sup> among others. There are no guarantees that the president will not revive the bill, however, and in the meantime, he will continue to deal with the media through the existing Law of Social Responsibility in Radio and Television.<sup>5</sup>

The August 2009 education law (*Ley Orgánica de Educación*, LOE) was approved by the assembly in less than two days.<sup>6</sup> Though supporters say there was ample discussion, Chávez was accused of excluding interested parties (parents’ associations, student bodies and the general public) by avoiding public debate on the bill. Following its passage, little can be done to contest it

internally,<sup>7</sup> although there is recourse to international bodies, such as the Inter-American Commission on Human Rights and the Inter-American Court of Human Rights. The law is heavily criticised for purporting to “indoctrinate” students and for curtailing freedom of the press.<sup>8</sup> Further, it affects education workers’ right to protest and permits the government to pursue replacement of traditional supervisory organs, such as student federations, with communal councils (*consejos comunales*)<sup>9</sup> directly dependent on the executive. Moreover, the text of the law is ambiguous, thus facilitating questionable government interpretation.<sup>10</sup>

Another controversial initiative is the August 2009 law on urban property, an especially sensitive issue in Venezuela.<sup>11</sup> Opponents consider it arbitrary and inconsistent

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<sup>7</sup> The opposition could seek a referendum to repeal the law (*referendo abrogatorio*), but this requires 1.6 million signatures. A failure to collect them could be seen as indirect legitimisation of the law. Crisis Group interview, opposition political party president, Caracas, 23 September 2009.

<sup>8</sup> Article 10 establishes that “the publication, dissemination of programs, messages, propaganda and advertisements of any kind, whichever way published, that encourage hatred, violence, insecurity, intolerance, deformation of language; that threaten values, peace, morals, ethics, good manners, health, peaceful coexistence, human rights and respect for the rights of all peoples and indigenous and other communities, that encourage terror, discrimination of any kind, deterioration of the environment or in any way undermine democratic values, national sovereignty or national, regional or local identity, are prohibited in all educational institutions and centres in the country”. Similarly, transitory disposition one (12) states that “Directors in the media are obliged to cooperate in educational issues and adjust their programs to ensure that the goals and objectives of the constitution and the education law are met. ... Should there be a violation of this article, the authorities in the educational sector will request the competent authorities to immediately suspend the program or publication in question, without prejudice to the application of other sanctions contained in Venezuelan law”.

<sup>9</sup> These are local decision-making bodies that play a key role in the construction of the socialist state. See Crisis Group Report *Political Reform or Regime Demise?*, op.cit., p. 2.

<sup>10</sup> Examples are: “the dissemination of ideas and doctrines contrary to national sovereignty and the principles and values contained in the constitution are prohibited in all public and private educational institutions and centres” (Article 11); and “environmental education, Spanish, Venezuelan history and geography are mandatory subjects in all public and private educational institutions and centres, as are the principles of Bolivarian ideals” (Article 14). Terms such as “Bolivarian ideals” and “ideas and doctrines contrary to national sovereignty” are not defined and so are open to interpretation.

<sup>11</sup> In 2007, Chávez failed to rally support for his initiatives on ownership. During the campaign he talked about five types of property in socialism. The public never understood the concept and rejected it. Crisis Group interview, electoral analyst from

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<sup>3</sup> Close to three million former Chávez supporters did not vote in the 2007 referendum. This high abstention reflected waning support for the government and discontent about some of the more radical measures put forward in the referendum. See Crisis Group Report, *Political Reform or Regime Demise?* op. cit., pp. 11-12. According to one analyst, “Chávez is now laughing in the face of voters by passing these laws through the National Assembly when they were vigorously rejected in 2007”. Crisis Group interview, analyst from an NGO specialising in electoral processes, Caracas, 21 September 2009.

<sup>4</sup> The 1999 constitution added the concept of citizen public powers, exercised pursuant to Article 273 by the Republican Moral Council, formed by the Human Rights Ombudsman, the Prosecutor General and the Comptroller General.

<sup>5</sup> Dubbed the “spring law” (*ley resorte*) by the government, it regulates media behaviour. See Crisis Group Latin America Report N°19, *Venezuela: Hugo Chávez’s Revolution*, 22 February 2007.

<sup>6</sup> María de Lourdes Vásquez, “Aprobada en segunda discusión Ley Orgánica de Educación”, *El Universal*, 14 August 2009.

with the constitutional rules on expropriation, fair compensation and adequate justification.<sup>12</sup> It permits the state to take over land that is unused, abandoned or not built upon, as well as any deemed suitable for social housing projects (Articles 3 and 6), and establishes that owners must sell any land with buildings on it that are in ruins or deteriorated, deemed uninhabitable or are more than 60 years old (Article 16). This may allow the president to continue expropriating land from those whom he believes should not have it, as he has done, for example, by taking over the Hilton Hotel in Isla Margarita in October 2009 to end “tourism for the rich”, and a number of golf courses on the grounds that golf is a “bourgeois sport”.<sup>13</sup>

Tensions are likely to increase, as the assembly is currently discussing laws on rural land. Chávez’s land policy has been based on the premise that he is “rescuing” property to ensure that it serves a “social function” instead of sitting idle in the hands of a few wealthy individuals. But since the state has taken over large blocs of land (approximately 2.5 million hectares since 1999), the price of some agricultural products has risen, and production has decreased. Ten years ago, for example, Venezuela’s cattle farmers were producing 17.4 kilos of meat per person each month, sufficient for almost the whole domestic market. Production in 2009 is expected to fall to 7.8 kilos per person each month, satisfying only 38 per cent of local demand and forcing the state to import more than half the meat consumed in Venezuela.<sup>14</sup> Both inefficient use of expropriated land and high inflation have resulted in lower productivity. Social unrest is likely in the Valle del Quibor in Lara state, an agricultural zone that produces approximately 20 per cent of the country’s agricultural produce and is scheduled to be affected by government measures in late 2009.<sup>15</sup>

The August 2009 law on electoral processes (Ley Orgánica de Procesos Electorales, LOPE) places restrictions on minority parties and favours the government (see below). It replaces the existing system of proportional representation with a majority system.

Chávez sympathisers defend these laws as both democratic – enacted by the National Assembly, the public’s

representative – and similar to legislation in such social democratic countries as Sweden and Norway, where they are uncontroversial.<sup>16</sup> However, the serious issue is not necessarily their model, but rather the methods used to pass them and whether the Venezuelan public considers them legitimate.

## B. PRESSURE ON THE OPPOSITION

Discrimination against the opposition has been extensively denounced by elected public officials, the media and NGOs.<sup>17</sup> On 7 April 2009, the National Assembly approved the Capital District Law (Ley Especial sobre la Organización y el Régimen del Distrito Capital), authorising the president to “appoint a head of government for Caracas” and take away many of the resources and competencies reserved for the elected mayor.<sup>18</sup> Chávez appointed PSUV leader Jacqueline Faria to the new position, rendering opposition Alianza Bravo Pueblo (ABP) leader Antonio Ledezma, the democratically-elected mayor, practically powerless by forcing him to relinquish control over hospitals, public services, transport and police, among others. In consequence, Ledezma held a hunger strike outside the Caracas offices of the Organisation of American States (OAS) in July 2009, earning him a meeting in Washington with OAS Secretary General José Miguel Insulza, where he compared his situation to that produced by the June civilian/military coup in Honduras.<sup>19</sup>

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<sup>16</sup> Crisis Group interview, adviser (education) to the Libertador mayoralty, Caracas, 25 September 2009.

<sup>17</sup> “A Decade under Chávez: Political Intolerance and Lost Opportunities for Advancing Human Rights in Venezuela”, Human Rights Watch, September 2008, pp. 10-34. Similarly, a press article cited Caracas Mayor Antonio Ledezma’s opinion that “this government has been using the public forces to attack, repress, incarcerate, and force into exile dozens of Venezuelan citizens”. Carolina Contreras and Leda Pinedo, “Ledezma: En el país se desarrolla un terrorismo de Estado”, *El Universal*, 1 September 2009.

<sup>18</sup> According to the law, this head of government is appointed by the president and is responsible for managing the budget and coordinating the actions and development plans of the five municipalities that are part of Caracas, as well as supervising all of the district capital’s decentralised administrative bodies.

<sup>19</sup> A civilian-military alliance responsible for the coup accused Honduran President Manuel Zelaya of intending to lift constitutional restrictions on term limits. It deposed him and exiled him to Costa Rica. Roberto Micheletti, former president of the Honduran Congress, was appointed interim de facto president by the Congress, to serve until end of November elections. International efforts, including by Costa Rican President Oscar Arias and the Organisation of American States (OAS), to restore Zelaya and re-establish constitutional rule are continuing. Ledezma contended that while the OAS had acted

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NGO specialising in electoral processes, Caracas, 21 September 2009.

<sup>12</sup> Crisis Group interview, Latin American Institute of Social Investigations (ILDIS), Caracas, 18 August 2009.

<sup>13</sup> Simón Romero, “Chávez ordenó cerrar campos de golf por ser un ‘deporte burgués’”, *El Espectador*, 14 August 2009; “Chávez expropia el Hilton de Isla Margarita”, *Hoy*, 15 October 2009.

<sup>14</sup> “Destruir por destruir ‘revolucionariamente’”, *VenEconomía*, editorial, 28 September 2009.

<sup>15</sup> Crisis Group interview, political analyst, Barquisimeto, 28 September 2009.

The Ledezma case is not unique. Opposition governors have encountered similar problems.<sup>20</sup> Undermining local opposition leaders allows the government to limit their capacity to govern efficiently and so gain public support, while permitting it to assume direct control over resources and competencies assigned to states and municipalities.

Targeting the opposition has also involved criminalising dissent. Although now at liberty pending further investigations, student and youth movement coordinator Julio César Rivas was accused of “inciting public revolt” after he vigorously campaigned against the indoctrination aspects of the education law.<sup>21</sup> An independent human rights organisation asserted that over 2,200 citizens have been criminally charged for participation in protests since 1998 and that there are currently over 1,300 banned politicians (*políticos inhabilitados*).<sup>22</sup> Manuel Rosales, until April 2009 mayor of Maracaibo (Zulia), requested asylum in Peru after being charged with channelling public funds to foreign bank accounts and using state resources to buy private land while governor of Zulia between 2000 and 2004. Asserting his innocence, he accused Chávez of political persecution before the Inter-American Court of Human Rights. Intimidation of the opposition also includes closing down space for protest abroad<sup>23</sup> and often involves violence that may or may not be government-sponsored.<sup>24</sup>

rapidly when President Zelaya was ousted, it was not responding in similar fashion to the complaints of Venezuelan opposition governors and mayors that Chávez was undermining democratically elected local and regional governments.

<sup>20</sup> Miranda Governor Henrique Capriles described to Crisis Group how management of a successful major local hospital was taken away from him and given to Chávez’s appointees, who have allegedly failed to run it efficiently. Crisis Group interview, Los Teques, 22 September 2009.

<sup>21</sup> According to press sources, fourteen others, including eleven employees of the Metropolitan Mayor’s Office in Caracas, are still in jail. Vanessa Gómez, “Suman 15 los presos por ejercer derecho de protestar”, *El Nacional*, 9 September 2009. Oscar Pérez, leader of the ABP, requested asylum in Peru after an arrest warrant was issued for instigation of and association to commit crimes as a result of his participation in the protests against the education law in August.

<sup>22</sup> In accordance with Article 105 of the law governing the activities of the Comptroller General (Ley Orgánica de la Contraloría General de la República y del Sistema Nacional de Control Fiscal, 27 November 2001), public servants may be fined or suspended for commission of administrative faults established in that law, or banned permanently from public posts for a maximum fifteen years. Crisis Group interview, political analyst, Caracas, 20 August 2009.

<sup>23</sup> Caracas Council member Freddy Guevara and others sought to denounce violations of freedom of speech and basic liberties before the Mercosur parliament. Though initially told they would be heard, the president of the human rights commission,

### III. GROWING DISCONTENT

#### A. POLITICAL AND MEDIA TENSIONS

Public discontent has increased not only due to the enactment of the controversial laws and Chávez’s assault on the opposition, but also because of mounting economic, security and social problems.<sup>25</sup> The annual inflation rate is close to 30 per cent, and unemployment is rising. Corruption is rampant in a bureaucracy that continues to expand uncontrollably:<sup>26</sup> the state’s payroll has risen to over 2.3 million people; that of the state-controlled oil company, PDVSA, alone has increased by 266 per cent since 2002.<sup>27</sup> The National Assembly and the finance ministry have authorised a 630 per cent increase in the president’s expense budget for 2009 compared to the

Mirtha Palacios, denied them the right to speak at the last moment, allegedly after pressure from the Venezuelan government.

<sup>24</sup> During interviews conducted by Crisis Group in Venezuela in August and September 2009, some analysts indicated that armed police are often used to intimidate people (particularly in Zulia and Anzoátegui) and that the actions of radical groups such as “Colectivo La Piedrita” and “Tupamaros” from the “23 de enero” Caracas neighbourhood are often tolerated, or even encouraged, by the administration. Others maintained that these are radical left-wing groups with an independent agenda and no links to the government. Crisis Group interview, newspaper editor critical of the regime, Caracas, 22 September 2009.

<sup>25</sup> A press source indicated that “more than 750 protests were staged during the first four months of 2009”. Christopher Toothaker, “Rights groups: Venezuela punishing protesters”, Associated Press, 29 July 2009. Another source said that thousands took to the streets following approval of the education law to protest many of its provisions, in particular Article 50, which imposes restrictions on the media. María de Lourdes Vásquez, “Aprobada en segunda discusión Ley Orgánica de Educación”, *El Universal*, 14 August 2009.

<sup>26</sup> Due to the controlled exchange rate fixed at 2.15 BsF per dollar, “the most formidable system of corruption and enrichment has been created in Venezuela”, and one of the main actors involved in playing with the “parallel” dollar (which oscillates between five and six BsF per dollar) has been the state-owned oil company, PDVSA. José Guerra, “De Recadi a Cadivi”, *Tal Cual*, 4 August 2009. According to an adviser in the Lara governorship, there is no management experience in many local councils, and corruption flourishes as budgets and investment decisions are handled without proper knowledge. Crisis Group interview, Barquisimeto, 28 September 2009. The U.S. Congress, in a report issued in mid-2009, indicated that the high level of corruption inside the Venezuelan government, military, and law enforcement and other security forces contributes to a permissive environment that favours drug trafficking. “Drug Control: U.S. Counternarcotics Cooperation with Venezuela Has Declined”, U.S. Government Accountability Office, 20 July 2009.

<sup>27</sup> Joseph Poliszuk, “Las Alarmas de PDVSA”, *El Universal*, 31 July 2009.

previous year, including close to \$1.5 billion for travel, security and direct donations.<sup>28</sup> The nationalisation of companies in many industries and sectors has made the state the biggest economic actor and employer.<sup>29</sup>

The media has been increasingly targeted. Following cancellation of the licence of Radio Caracas Television (RCTV) in 2007 that forced it off the air (although it continues to broadcast over the internet), a series of measures have reduced radio and television broadcasts. Organisations such as the Inter-American Press Society (IPS) have accused Chávez of media repression. The government accuses private companies that currently control most television and radio stations of conducting “media terrorism” and defends its measures as in the interest of “democratising access to the radio-electric spectrum” so as to better serve the socialist model.

The government has shut down 34 radio and two television stations in 2009, and administrative procedures have begun to explore possible cancellation of the licences of a further 210 local radio stations and 40 television stations. Diosdado Cabello, the public works and housing minister, intervening in an issue not related to his portfolio, said that the 36 stations were closed because they were operating without proper licences and otherwise failing to adhere to the law. However, only stations that had been openly critical of Chávez were affected. It seems, therefore, that the government is trying to silence opposition media and replace it with broadcasters willing to disseminate information less critically or openly supportive of the regime.

The network Globovisión, considered sympathetic to the opposition, has been targeted. Following its coverage of anti-government marches and protests against the education law, the National Telecommunications Commission (CONATEL) announced it would open administrative proceedings. Minister Cabello has insisted that Globovisión is responsible for inciting protests and rebellion against the government as well as “media terrorism”. The network has suggested that it has been the victim of in-

timidation by violent groups allegedly linked to Chávez.<sup>30</sup> The president denies persecution of the media and cites Globovisión as an example of his administration’s respect for a free press. But keeping one of the most widely aired opposition stations in the country on the air but under constant pressure<sup>31</sup> and forcing it towards the exercise of self-censorship appears to be a more effective strategy for the government than closing it and producing a fire storm of criticism at home and abroad.<sup>32</sup>

## B. SOCIAL TENSIONS

Economic troubles contribute to social discontent and protest. Problems reported by Crisis Group previously remain, and some have worsened.<sup>33</sup> The highly politicised oil industry, which accounts for approximately 95 per cent of the state’s revenue, is estimated to owe as much as \$12 billion to contractors; payments were suspended in August 2008, when international oil prices began to fall and revenue decreased.<sup>34</sup> Lack of maintenance of wells that may irreversibly dry up and the nationalisation of many oil services companies may have contributed to reduced production capacity. PDVSA’s involvement in non-oil related activities, such as the food supply program PDVal, is consuming large chunks of its resources.<sup>35</sup> Implementation of the company’s major investment programs lags years behind schedule or has stalled completely due to incompetent management. There are operational problems in several refineries owing to lack of qualified personnel and insufficient maintenance, following the government’s dismissal of

<sup>28</sup> “Chávez aprueba medidas para desarrollo industrial”, *El País*, 26 October 2009.

<sup>29</sup> During interviews conducted in Caracas, Maracaibo and Barquisimeto between August and September 2009, Crisis Group was told that Chávez has nationalised Banco de Venezuela, formerly owned by Spain’s Santander Group, as well as approximately 74 companies in the metal and ceramics sectors, a rice producing plant owned by Cargill, eucalyptus producing plants owned by Smurfit Kappa, cement companies, oil services companies, telecommunications giant Cantv and electricity companies, among others, and is in the process of nationalising coffee producers Fama de América and Madrid, which cater for 80 per cent of the internal market.

<sup>30</sup> On 4 August 2009, a group on motorcycles led by Lina Ron, a pro-Chávez activist, entered the Globovisión premises with tear gas and grenades. The president declared the actions unacceptable, and two days later the office of the prosecutor charged Ron with nine crimes and ordered her immediate arrest. She was released on 14 October, but her trial continues.

<sup>31</sup> For example, by the \$3.1 million fine imposed in 2009 for tax evasion and non-disclosure of donations received.

<sup>32</sup> “The threats against the media are working. Many programs are closing down as the media gives in and negotiates with Chávez – greater intimidation has led to greater inhibition”. Crisis Group interview, former Venezuelan diplomat and analyst, Caracas, 21 September 2009. An example was the cancellation of Nelson Bocaranda’s program “*Runrunes*” (“A little bird told me”), during which he used to denounce the corruption and rights violations committed by the regime. The station owners replaced it with a non-political broadcast.

<sup>33</sup> Crisis Group Report, *Political Reform or Regime Demise?* op. cit., pp. 22-25.

<sup>34</sup> Benedict Mander, “Chávez seizures fuel Venezuela oil fears”, *Financial Times*, 10 May 2009.

<sup>35</sup> Crisis Group interview, international analyst, 24 September 2009.

about 20,000 company employees after the oil sector strikes in December 2002-January 2003.<sup>36</sup>

Despite loss of revenue, international oil prices are not critically low. The value of oil exports has fallen steeply, from \$49 billion in 2008 to an anticipated \$23 billion in 2009, but financial resources are still abundant.<sup>37</sup> With international reserves of 34.5 billion, the Chávez administration will be able to continue the high levels of public spending that have characterised it since 2004. However, the decline in the industry does threaten the president's capacity to solve problems by merely resorting to PDVSA funds. While there is optimism in the Chávez camp that resources will be greater in 2010,<sup>38</sup> the international oil price alone does not determine the amount of available cash. Budget calculations are also based on productivity levels, and available information indicates that real production may be closer to 2.2 million barrels per day than the 3.4 million estimate that the government budget calculations are based on.<sup>39</sup>

Crisis Group interviews in Caracas, Barquisimeto and Maracaibo in August and September 2009 indicated that the biggest concern in the country is mounting insecurity in its cities and some rural areas. Caracas is the most violent city in Latin America after San Salvador (El Salvador), reporting approximately 130 murders per 100,000 inhabitants annually, with an estimated total of 13,000 in 2008. "Express kidnappings",<sup>40</sup> theft and armed assault are common, and municipal and state police not only fail to protect citizens, but are said to be actively involved in approximately 20 per cent of the crimes.<sup>41</sup>

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<sup>36</sup> "Bolivarian Insanity", *Veneconomy Weekly*, vol. 27, no. 40, 9 September 2009.

<sup>37</sup> "Venezuela boosts spending on oil rebound", *LatinNews Daily*, 8 September 2009.

<sup>38</sup> An adviser (education) to the Libertador mayoralty maintained that the National Development Fund (FONDEN) will receive huge sums from the difference between the calculated price in the budget and the actual price obtained. Crisis Group interview, Caracas, 25 September 2009.

<sup>39</sup> Crisis Group interview, political analyst, Maracaibo, 30 September 2009.

<sup>40</sup> These refer to crimes in which a victim is randomly seized on the streets and held by captors for a relatively short span of time, while they contact his or her family and negotiate a release fee, or is taken to a cash machine and forced to withdraw a ransom payment with a credit or debit card.

<sup>41</sup> Rory Carroll, "Deadly force: Venezuela's police have become a law unto themselves", *The Guardian*, 6 September 2009. Regarding the national figures, see the report published by the Venezuelan Violence Observatory (Observatorio Venezolano de Violencia), [www.guia.com.ve/noti/32439/el-ano-pasado-se-registraron-en-venezuela-mas-de-13-mil-homicidios](http://www.guia.com.ve/noti/32439/el-ano-pasado-se-registraron-en-venezuela-mas-de-13-mil-homicidios). Other sources suggest that Caracas is the most violent city. "Piden a Chávez hacer frente a la delincuencia", *El Universo*, 23 June 2009.

In January 2009, the government announced a citizen security program in Caracas that involves a heavy increase in police presence in all metropolitan zones.<sup>42</sup> This reportedly has reduced the murder rate by 47 per cent in the affected areas, but it is too early to know whether citizens perceive such a reduction and if solid statistics support the official claims.

A total of 454 kidnapping cases have been reported in rural areas in the first six months of 2009.<sup>43</sup> Demobilised Colombian paramilitaries and members of new illegal armed groups from that country allegedly roam freely in Zulia and Táchira, while the Colombian guerrilla groups Revolutionary Armed Forces of Colombia (FARC) and National Liberation Army (ELN) may be present in Apure and Barinas. Critics argue that the Venezuelan state is largely absent from these territories, and this favours corruption and insecurity, and that in some regions the police and National Guard are helpless or complicit in crime.<sup>44</sup> In Barquisimeto, the security situation is critical both in city neighbourhoods and the surrounding slums. Crisis Group was told that "people here watch the Brazilian film *City of God*, which portrays crime in depressed Rio neighbourhoods, and say it is a true depiction of their own reality".<sup>45</sup>

Apart from the initiative to create a unified federal police force<sup>46</sup> – viewed by critics as a way of centralising corruption and concentrating full control of police resources in the central government and by supporters as a more effective way of dealing with security problems – there is no national plan or program to deal with the issue. Recent measures, including the appointment of six government vice presidents in September 2009 who report directly to Chávez, are more likely to be populist initiatives rather than a genuine effort to tackle mounting citizen insecurity.

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<sup>42</sup> Interior and Justice Minister Tareck El Aissami, who launched the Caracas security plan (Plan Caracas Segura), assured the public that due to that initiative, the murder rate had halved in a month. "Planes Efectivos?", *Tal Cual*, 17 September 2009.

<sup>43</sup> Simon Romero, "State ruled by crime and Chávez family", *The New York Times*, 20 July 2009. Similarly, in the decade since Chávez was elected, reported kidnappings have increased almost eight-fold, from 50 in 1998 to 385 in 2008, by far surpassing the rate reported by Colombia, formerly the kidnapping world leader. "Venezuelans protest dramatic rise in kidnappings", Associated Press, 30 July 2009.

<sup>44</sup> Crisis Group interview, defence and security analyst, Caracas, 20 August 2009.

<sup>45</sup> Crisis Group interview, political analyst, Barquisimeto, 28 September 2009.

<sup>46</sup> As a federal state, Venezuela has state as well as municipal police units. The initiative seeks to centralise these under a single authority, with the objective of better coordinating policy and actions.

Social conditions affect mainly the poorer sectors of the population, whose already meagre purchasing power is reduced by soaring inflation. Unemployment (approximately 7.5 per cent according to official figures) causes concern, especially since the government treats temporary and informal workers as employees for statistical purposes.<sup>47</sup> Chávez is about to launch the ninth employment plan in ten years, but its predecessors' lack of substantial achievement suggests it may not deliver the desired results. As his aggressive nationalisation campaign advances, workers are taking to the streets to protest poor conditions in industries that are run like military units.<sup>48</sup> Deficient management of public services is generating tensions, with local leaders protesting constant power outages and demanding immediate solutions.<sup>49</sup> The national electricity company, which employs some 42,000 in over 200 management departments, has failed to make progress with planned infrastructure projects, increasing the number of outages in various parts of the country.

An agreement formalised with the Inter-American Development Bank in July 2009 may contribute to improvements,<sup>50</sup> as could the announcement on 22 October that a new energy ministry is to be created. However, unless those initiatives are properly and swiftly implemented, protests will continue and worsen, as service disruptions become more frequent and widespread.

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<sup>47</sup> When reporting employment figures, the government includes those who work one or two hours a day, as well as those in the informal sector or sponsored by the *Misiones* (*Becados de las Misiones*). Crisis Group interview, Latin American Institute of Social Investigations (ILDIS), Caracas, 18 August 2009.

<sup>48</sup> The Guyana region, where mining companies such as Ferrominera are protesting pension obligations, is a "social time bomb". Crisis Group interview, ILDIS, Caracas, 18 August 2009. Hundreds of workers are protesting in Caracas, where the Fenasitrasalud (health union) president, Pablo Zambrano, indicates that more than 20,000 employees transferred to the health ministry fear for their jobs due to repeated violations of the labour agreement signed with former Mayor Juan Barreto. Alicia de la Rosa, "Trabajadores de la salud protestaron por incumplimiento de beneficios laborales", *El Universal*, 15 September 2009. José Antonio Chirinos, union president of the food supply mission Mercal, accused the government of harassment and repression against the workers, who are complaining due to poor working conditions and imposition of a labour agreement they did not negotiate. "Hasta los Bolivarianos Protestan", *Tal Cual*, 17 September 2009.

<sup>49</sup> Mariela León, Walter Obregón, "Aplican cortes eléctricos en estados Aragua y Miranda", *El Universal*, 8 September 2009.

<sup>50</sup> On 29 July 2009, the bank approved an \$800 million loan for Venezuela to complete the Manuel Piar hydroelectric project in the Caroní River. It will be run by state-owned Electrificación del Caroní S.A. (EDELCA) and consists of ten major generation plants to supply 8 percent of national requirements.

Housing issues are under a single authority, following a merger between the housing ministry (which has changed ministers five times since 1998) and the public works ministry. But to many in the opposition and among government supporters this is not a promising reform.<sup>51</sup> In the health sector, what is referred to as the "back-and-forthing" (*ruleteo*) of expectant mothers is a regular occurrence, and policy has been largely limited to encouraging the nationalisation of private maternity clinics.<sup>52</sup> The social missions (*Misiones*)<sup>53</sup> have provided some benefits<sup>54</sup> but have proved unreliable and wholly dependent on oil revenue fluctuations. Though some defend them,<sup>55</sup> others maintain that the recent announcement that many will be relaunched after ten years demonstrates their lack of success.<sup>56</sup>

Tensions with the trade unions are worsening in the industrial sector. According to an analyst, there were more than 400 labour disputes this year through August, with the monthly figures gradually rising. These affect a number of industries, including steel, electricity, iron ore and aluminium.<sup>57</sup>

The government maintains that, thanks to strong regulation and state intervention, the economy is growing, with

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<sup>51</sup> The governor of Miranda said that the government decided in 2009 to take over all urban projects and transfer them to the housing and public works ministry. He did not believe Miranda's 300,000-house shortage would be responsibly addressed under this arrangement. Crisis Group interview, Henrique Capriles, Los Teques, 22 September 2009.

<sup>52</sup> The term has been used to describe situations in which women arrive at a hospital needing immediate attention as their water has broken but are turned away due to lack of doctors or proper equipment for deliveries.

<sup>53</sup> These are executive-led social welfare programs in the health, education and other sectors. See Crisis Group Report, *Hugo Chávez's Revolution*, op. cit., p. 10.

<sup>54</sup> Although unreliably and inefficiently run and requiring hours of standing in line, PDVal and Mercal do provide food at about a third of the normal supermarket cost. Crisis Group interview, Barquisimeto, 28 September 2009.

<sup>55</sup> A pro-Chávez journalist said the *Misiones* are proof of the government's commitment to address poverty and inequality, and no previous government has ever been so ambitious in this field. Though there have been flaws, their existence alone deserves praise. Crisis Group interview, Caracas, 20 August 2009.

<sup>56</sup> Crisis Group interview, Miranda Governor Henrique Capriles, Los Teques, 22 September 2009. According to the head of public relations at an international organisation, "the missions are the confession of an unresolved problem. The bureaucratic apparatus is a disaster, and the corruption in the management of the state is absurd. The inefficiency is the main cause of corruption; because the system does not work, corruption flourishes". Crisis Group interview, Caracas, 23 September 2009.

<sup>57</sup> Crisis Group interview, political analyst, Caracas, 22 September 2009.

more consumption and less poverty under a more egalitarian and just development model.<sup>58</sup> However, reaction in the streets suggests that there is progressively less faith in the state's management ability, as people notice that their basic needs are only occasionally met, and then usually in the run-up to an election. Multiple problems generate tensions, and while some can be solved by dipping into PDVSA's pockets (for example food shortages), others such as health, electricity, water and security require structural changes that Chávez is not making.

After ten years of the "Bolivarian revolution", conditions overall have not improved, and support for the regime is waning, as indicated by a recent poll that showed less than 38 per cent of respondents believe Chávez is doing a good job (compared to 56 per cent in 1999 and 52 per cent in 2006); his popularity has fallen from 80 per cent in 1999 to 47 per cent in 2009; and most people disagree with his educational and industrial measures.<sup>59</sup> As the country remains economically less efficient, Chávez gains some benefit because citizens are increasingly dependent on subsidies for food, fuel and anything else the government can provide. But the increasing frustration raises the risk of social unrest and, ultimately, violence. Oil revenue, though less than in recent years, has enabled the government to weather problems and quell protests, but inefficient state management and lower productivity will make it progressively harder for Chávez to continue to appease tensions.

#### IV. THE 2010 NATIONAL ASSEMBLY ELECTIONS

The electorate is to vote for 167 National Assembly seats in September 2010 elections. Contests for municipal councils and *juntas parroquiales* (neighbourhood representatives) may also take place, as they were scheduled for 2008 but indefinitely postponed by the National Assembly pending enactment of the electoral law (LOPE). Chávez's control over the National Electoral Council (CNE),<sup>60</sup> responsible for setting the elections calendar, could result in a modification of the announced dates if

the president decides it could suit him better, but there is currently no indication of this, and most sources Crisis Group consulted in Caracas, Barquisimeto and Maracaibo believed the elections will take place as planned.

#### A. THE CHÁVEZ CAMP

As Chávez has tightened his grip on power over the years, he has not only closed down space for the opposition, but also reduced dialogue within his own party. In 2008, the consolidation of his PSUV threatened to eliminate small pro-Chávez parties,<sup>61</sup> and this has generated internal struggles. Members of the communist party (PCV) and the Patria para Todos (PPT) agree with Chávez on the general policy line but believe that decisions should be made more consensually and criticise his unilateral approach.<sup>62</sup> His disregard for their views was made clear in October 2008, when he publicly accused members of both parties of having an "anti-revolutionary" agenda and said they would be "erased from the map, they will disappear".<sup>63</sup> As a pro-Chávez Caracas public servant told Crisis Group when pointing out some of the regime's problems, "Chávez's democracy depends on a single person".<sup>64</sup>

Following an event organised in June 2009 by and for Chávez supporters in the education ministry, intended to evaluate progress of the regime and socialist policies, left-wing militants and academics published a document which stated that Venezuela is under a form of "hyper-leadership" that is suffocating social movements and political parties other than the PSUV.<sup>65</sup> The lack of development of future leaders and political cadres suggests that the PSUV is a one-man arrangement that would crumble in the absence of its current leader. Although they appear increasingly in the press, Crisis Group has not been able to confirm rumours of plots by some mayors, governors and ministers close to the president to turn against him and encroach upon his leadership of the party.<sup>66</sup> It appears, however, that the party is neither strongly based on ideology nor tightly organised, but rather held together by the leadership of the president.

<sup>58</sup> Crisis Group interview, government adviser, foreign ministry, Caracas, 18 August 2009.

<sup>59</sup> Polls conducted in Venezuela in June by private pollster Consultores 21 SA.

<sup>60</sup> Appointed by the National Assembly in accordance with Article 296 of the constitution, the CNE has five members. Chávez reportedly controls four of the five, enabling him to heavily influence decisions under the new LOPE. This is one reason why international and national monitoring, not mentioned in the LOPE, is critical if elections are to be transparent and fair. Crisis Group interview, analyst from an NGO specialising in electoral processes, Caracas, 21 September 2009.

<sup>61</sup> See Crisis Group Report, *Political Reform or Regime Demise?* op. cit., pp. 14-15.

<sup>62</sup> Crisis Group interview, analyst from religious NGO, Caracas, 23 September 2009.

<sup>63</sup> Remarks at a campaign rally during the contest for governor of Trujillo, Valera, 12 October 2008.

<sup>64</sup> Crisis Group interview, adviser (education) to the Libertador mayoralty, Caracas, 25 September 2009.

<sup>65</sup> "Crítican hiperliderazgo de Chávez hacia un régimen socialista", *Globedia*, <http://co.globedia.com/critican-hiperliderazgo-chavez-regimen-socialista>.

<sup>66</sup> Francisco Orta, "Chavismo sin Chávez busca controlar el PSUV", *El Nuevo País*, 25 October 2009.

Internal fissures are also appearing because of personal criticism and resentment by some of Chávez's closest collaborators; many of his own followers believe that senior government officials have formed a new political elite that, despite the official socialist rhetoric, welcomes accumulation of wealth and a free market economy, while paying lip service to Chávez's socialist goals. Critics believe that this new political elite simply uses its power to build personal fortunes.<sup>67</sup>

## B. THE OPPOSITION

Polls indicate that less than 50 percent of Venezuelans today believe their government is good, and 60 percent want a different country than the one Chávez proposes to construct. Almost half would vote for someone else but do not identify with any of the opposition parties.<sup>68</sup> Although he still enjoys substantial support after ten years in power, Chávez's popularity appears to be waning, as increasing discontent has driven former backers out of his camp and into the "neither nor" (*ni ni*) category.<sup>69</sup> Channelling this discontent and providing an alternative for voters who are disenchanted with Chávez is the opposition's greatest challenge. As in the past, success depends on their ability to consolidate their efforts and build capacity to compete against PSUV candidates who are supported by a president who has all electoral resources at his service and has proved not to be shy when it comes to changing the rules in the government's favour.

On 8 June 2009, the opposition created the "Unitary Table" (*Mesa Unitaria*).<sup>70</sup> Its members are aware that the tactics of smearing Chávez in the media and promoting a boycott (as in the 2005 elections) will not win National Assembly seats. They realise that in current circumstances their only hope is union, but success depends on leadership, a change of image and overcoming internal power struggles.

Current leaders include Caracas Metropolitan Mayor Antonio Ledezma, Zulia Governor Pablo Pérez, Táchira Governor César Pérez Vivas and National Assembly member Ismael García of the Podemos party. Leopoldo López, founder of the PJ party and subsequently a UNT party candidate and who has twice been mayor of Chacao municipality in Caracas, is also seen as a leader. However, he was banned from politics (*inhabilitado*) by the office of the comptroller general in 2008 for allegedly channelling public funds to NGOs and political organisations, such as the PJ party, and may have an agenda of his own.<sup>71</sup> Manuel Rosales, though currently forced into exile in Canada, is still perceived as influential but is unlikely to take part actively in politics in the near future.

Opposition leaders appear set to fight to preserve their few traditional strongholds.<sup>72</sup> Most agree that the legislative elections can only be won if all parties support the same candidates, either by creating a single unity party and drafting one list of candidates or by each party presenting an identical list.<sup>73</sup> Chávez has proved to be a formidable campaigner with the ability to mobilise his supporters. His control over electoral resources<sup>74</sup> gives his candidates an advantage. A number of provisions in the LOPE make the playing field for the 2010 elections particularly uneven, especially Article 16, pursuant to which the CNE determines the electoral jurisdictions (*circuitos electorales*). Given that Chávez controls the CNE the risk of gerrymandering is high.

Article 8 of the LOPE replaces the old proportional representation system with winner-take-all contests, so if the opposition contests seats in a divided fashion, it has little chance to convert its overall vote into equivalent representation in the National Assembly. Article 42 states that the CNE is responsible for calling the elections but does not specify a timeframe (the previous electoral law required at least six months advance notice). The absence of specific guarantees for national or international obser-

<sup>67</sup> Crisis Group interview, adviser in the Lara governorship, Barquisimeto, 28 September 2009.

<sup>68</sup> Consultora 21 SA, op. cit.

<sup>69</sup> The "ni ni" (neither nor) group consists of those who would vote neither for Chávez nor for any of the current opposition candidates, whom they perceive as associated with the old political elites that they wanted to get rid of when they voted for Chávez in 1998.

<sup>70</sup> The Mesa Unitaria brings together approximately 30 opposition parties and movements. Its objectives are to draw up a social agenda (aimed at satisfying demands such as equality before the law and justice and improved living conditions) and to decide how to offer candidates for the 2010 legislative elections. Crisis Group interview, national president of an opposition party, Caracas, 24 September 2009.

<sup>71</sup> López's objective is to lift his political ban and return to the electoral arena. To do so, he has worked to become leader of the Un Nuevo Tiempo (UNT) party, but has also acted outside the party in an effort to become the leader of the wider opposition. This caused problems within UNT and led to his recent decision to abandon it.

<sup>72</sup> Among others, Leopoldo López in Chacao, Gerardo Blyde in Baruta and the Acción Democrática party in Attilos.

<sup>73</sup> As noted by a local newspaper editor, "the opposition could do very well – better than expected – as all polls favour them. But to win, they need perfect unity, and all lists must support the same candidates". Crisis Group interview, Caracas, 22 September 2009.

<sup>74</sup> Chávez controls the army, the National Assembly, the National Electoral Council and the voting register, the judiciary, state finances and the media. Crisis Group interview, political analyst, Caracas, August 20 2009.

vation and vote secrecy may also affect the transparency and fairness of the electoral process. Additionally, the members of the Mesa Unitaria will have to resist the actions of a president whose strategy has been to undermine regional and municipal opposition governments by reducing their budgets, appointing parallel governments, taking over their constitutional competencies and persecuting them legally and politically.

## V. REGIONAL RELATIONS

Relations with Colombia have further deteriorated. Continued accusations, stemming mainly from information found in Raul Reyes's computers,<sup>75</sup> of Venezuela's collaboration with the FARC insurgency<sup>76</sup> were followed by Chávez's strong reaction to President Álvaro Uribe's decision to negotiate a new Defence Cooperation Agreement (DCA) with the U.S.<sup>77</sup> and allow U.S. military access to at least seven bases in his country.<sup>78</sup> Chávez warned of "winds of war" blowing in the continent and froze bilateral trade.<sup>79</sup> It will be difficult to enforce that order immediately, because Venezuela must wait longer and pay more for imports from countries like Brazil and Argentina, but Colombia's balance sheet will be affected as it is forced to find alternative markets. In turn, Venezuela is likely to suffer greater food shortages.

Chávez has lobbied for international condemnation of Uribe's military alliance with the U.S. and has negotiated arms deals to protect his country against an unlikely but nonetheless feared U.S. invasion staged from Colombian territory.<sup>80</sup> Though relations with Colombia will remain tense, it is improbable that either nation will use force. Branding Colombia as the external enemy, however, allows Chávez to divert attention from internal problems and boosts his anti-imperialist standing. Venezuela's capacity to wage war also is dependent on actually receiving the arms it has purchased abroad, including those from Russia. Nevertheless, aggressive rhetoric toward Colombia, reciprocated by belligerent discourse from Bogotá, could produce more skirmishes and low-scale violence in border areas.<sup>81</sup>

Unsuccessful in influencing politics in Colombia,<sup>82</sup> Chávez has continued to rely on oil diplomacy to gain popularity in the rest of the continent through mechanisms such as PetroCaribe and the Bolivarian Alliance for the Americas (Alianza Bolivariana para los Pueblos de Nuestra América, ALBA).<sup>83</sup> Although there are ideological sympathies within the ALBA block, many may welcome cheap oil and additional aid accompanied by generous payment plans more than they genuinely identify with Chávez's socialist ideals. Others in the region, such as Brazil (not part of ALBA), have benefited enormously from trade with Venezuela<sup>84</sup> and have,

<sup>75</sup> During military operation "Fénix" in March 2008, the Colombian armed forces killed FARC commander Raul Reyes in Ecuador and retrieved computers that contained information on links between Colombian guerrillas and Chavez's government.

<sup>76</sup> In July 2009, Chávez withdrew his ambassador from Bogotá following accusations that anti-tank rocket launchers in the hands of FARC had come from Venezuela. The president of an opposition party said, "Venezuela is the sanctuary of the FARC. Its commanders allegedly roam freely in Barinas, Zulia, and Táchira, and even in the hotels in Caracas. We believe that there is no doubt that Chávez is their ally. We have denounced this many times, but nothing happens. The international community does not react at all, and inside the country all complaints are futile. There are also *paras* (demobilised Colombian paramilitaries) in some areas. One of our party's mayors in a state which neighbours Colombia was murdered – we don't know the reason, but we do know it was the *paras*". Crisis Group interview, Caracas, 24 September 2009.

<sup>77</sup> Markus Schultze-Kraft, "U.S. sends wrong messages to Latin America", Reuters, 24 August 2009.

<sup>78</sup> Malambo (Atlántico), Apiay (Meta), Palanquero (Cundinamarca), Tolemaida (Cundinamarca), Larandia (Caquetá) Cartagena and Bahía Málaga. The latter two are naval bases.

<sup>79</sup> Venezuela is Colombia's largest trading partner. Bilateral trade in 2008 amounted to approximately \$7 billion, with the balance heavily in favour of Colombia. Crisis Group interview, member of Venezuelan Chamber of Commerce in Colombia, Bogotá, 10 August 2009.

<sup>80</sup> During the Union of South American Nations (UNASUR) summit on 28 August 2009, Chávez unsuccessfully pushed for closer monitoring of the military agreement. At the UN General Assembly on 24 September, he told Obama that a military presence in Colombia was not consistent with the U.S. peace discourse. Addressing the nation on his weekly radio program, *Aló Presidente*, on 13 September 2009, and emphasising the need for Venezuela to defend itself from any threat, Chávez announced a credit facility of over \$2 billion with Russia for the purchase of Smerch S-300 surface-to-air missiles, Antey 2500 anti-aircraft missiles and T-72 tanks.

<sup>81</sup> Alleged harsh treatment by members of the Venezuelan National Guard towards some 2,000 Colombian citizens who cross the border regularly to trade has provoked skirmishes in which tyres have been burned and civilians wounded. See "Nuevas protestas en zona fronteriza Colombo-Venezolana", Dinero.com, 22 October 2009.

<sup>82</sup> Chavez's socialist discourse finds little echo in Colombia. The leader of the left-wing Polo Democrático party has rejected Chávez's efforts to meddle in local politics.

<sup>83</sup> Through Petrocaribe, seventeen Caribbean countries receive oil under a 25-year loan with a 1 per cent interest rate. The ALBA pact, an agreement for Latin American and Caribbean countries to fight poverty and social exclusion, is guided by socialist ideals rather than traditional Western or U.S. approaches to development.

<sup>84</sup> In coffee alone, Brazilian producers will receive \$4.1 million for exports to Venezuela after Chávez closed the two major producers in the country and ordered that imports from Colom-

therefore, maintained good relations, but President Lula does not appear sympathetic to Chávez socialism. The Brazilian congress disapproves of the Venezuelan president's regime and has requested other states to deny Venezuela full membership in Mercosur, the common economic market in southern South America.<sup>85</sup>

More troubling to leaders in the region may be Chávez's recent attempt to reinstate ousted President Manuel Zelaya in Honduras. Though the hemisphere condemned military action against a democratically-elected head of state, the great majority of leaders opposed Chávez's threats to use force if his ambassador was threatened, as well as his subsequent encouragement of Zelaya's return to the country by giving him and his entourage the necessary logistical support. This was not the first time Chávez attempted to interfere in the internal affairs of another state,<sup>86</sup> and neighbouring governments may be increasingly less tolerant of his robust approach to international politics. Costa Rican President Oscar Arias's recent rebuff of Chávez's proposal to establish "peace bases" in response to the U.S. military presence in Colombia reflects a shared uneasiness among many countries in the region with the Venezuelan leader's politics.<sup>87</sup>

## VI. CONCLUSION

Against the spirit of the 1999 constitution, President Chávez is reversing the process of decentralisation in Venezuela and accelerating "socialism of the 21st century" by implementing radical laws that affect basic rights and liberties and concentrate power in the hands of the executive with respect to most aspects of public life. Control over state powers and economic resources

has allowed him to maintain sufficient support among the electorate, as he has strengthened his position as the leader of the PSUV and weakened the opposition. Nevertheless, Chávez has become increasingly vulnerable, and his popularity is waning, as he fails to deliver improvements in the living conditions of ordinary citizens. He has proved to be a poor manager, incapable of administering the vast state apparatus that he has created. Public services are collapsing, and the country is more dependent than ever on – decreasing – oil revenue.

The opposition, however, appears unlikely to overcome the obstacles that it faces for the 2010 National Assembly elections. Still without a clear leader, it has the difficult task of consolidating its Mesa Unitaria which, albeit a step in the right direction, harbours a heterogeneous collection of politicians and parties with conflicting interests. In the absence of a better option, many will either vote for Chávez or not vote at all. The president is thus likely to maintain control over the National Assembly both by betting on the opposition's inability to unite and by using his electoral advantages. He is already in campaign mode, while the opposition remains disorganised.

Tensions in various areas (economy, citizen security, trade unions, industry) are not being dealt with through programs designed to address the main issues. The government's lack of capacity to correct serious deficiencies in the management of the state is provoking more and more social protest, and as people gather in the streets to demand solutions, clashes are more frequent. The opposition is currently challenging Chávez through democratic means. However, if the government continues to shut off space for participation and restricts critics from expressing their views through democratic mechanisms, parts of the opposition may look to more violent alternatives for confronting the president. While Chávez's bellicose rhetoric towards Colombia is unlikely to elicit an armed reaction, it does stimulate the potential for trouble along the Colombian-Venezuelan border.

**Bogotá/Brussels, 5 November 2009**

bia be replaced with other markets. Trade between the two countries is approximately \$5 billion, \$4.5 billion of which consists of Brazilian exports to Venezuela.

<sup>85</sup> Apart from disapproval within the Brazilian congress, other sources told Crisis Group that Chávez was not popular among the political and economic elites in Brazil, where his style is not welcome, but he has been dealt with politely due to trade relationships. Crisis Group interview, Mazatlán, Mexico, 8 October 2009.

<sup>86</sup> In 2005, Peru recalled its ambassador to Venezuela after Chávez attempted to influence the presidential elections. Accusations also emerged over the influence of Venezuelan left-wing groups in electoral processes in Bolivia, Nicaragua, El Salvador and Paraguay. See Crisis Group Report, *Political Reform or Regime Demise?* op. cit., p. 26.

<sup>87</sup> These bases are set up as debate centres formed by academics and others who sympathise with Chávez's ideals. After Venezuela established one in Costa Rica through its ambassador, Arias said Venezuela had nothing to teach Costa Rica about peace matters and expressed concern at the possibility the centre might be used to interfere in internal affairs.

## APPENDIX A

### MAP OF VENEZUELA



## APPENDIX B

### ABOUT THE INTERNATIONAL CRISIS GROUP

The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with some 130 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international decision-takers. Crisis Group also publishes *CrisisWatch*, a twelve-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

Crisis Group's reports and briefing papers are distributed widely by email and made available simultaneously on the website, [www.crisisgroup.org](http://www.crisisgroup.org). Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policy-makers around the world. Crisis Group is co-chaired by the former European Commissioner for External Relations Christopher Patten and former U.S. Ambassador Thomas Pickering. Its President and Chief Executive since July 2009 has been Louise Arbour, former UN High Commissioner for Human Rights and Chief Prosecutor for the International Criminal Tribunals for the former Yugoslavia and for Rwanda.

Crisis Group's international headquarters are in Brussels, with major advocacy offices in Washington DC (where it is based as a legal entity) and New York, a smaller one in London and liaison presences in Moscow and Beijing. The organisation currently operates nine regional offices (in Bishkek, Bogotá, Dakar, Islamabad, Istanbul, Jakarta, Nairobi, Pristina and Tbilisi) and has local field representation in eighteen additional locations (Abuja, Baku, Bangkok, Beirut, Cairo, Colombo, Damascus, Dili, Jerusalem, Kabul, Kathmandu, Kinshasa, Ouagadougou, Port-au-Prince, Pretoria, Sarajevo, Seoul and Tehran). Crisis Group currently covers some 60 areas of actual or potential conflict across four continents. In Africa, this includes Burundi, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Democratic

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November 2009

## APPENDIX C

### CRISIS GROUP REPORTS AND BRIEFINGS ON LATIN AMERICA/ CARIBBEAN SINCE 2006

**Colombia: Towards Peace and Justice?**, Latin America Report N°16, 14 March 2006 (also available in Spanish)

**Haiti after the Elections: Challenges for Préval's First 100 Days**, Latin America/Caribbean Briefing N°10, 11 May 2006 (also available in French)

**Uribe's Re-election: Can the EU Help Colombia Develop a More Balanced Peace Strategy?**, Latin America Report N°17, 8 June 2006 (also available in Spanish)

**Bolivia's Rocky Road to Reforms**, Latin America Report N°18, 3 July 2006 (also available in Spanish)

**Tougher Challenges Ahead for Colombia's Uribe**, Latin America Briefing N°11, 20 October 2006 (also available in Spanish)

**Haiti: Security and the Reintegration of the State**, Latin America/Caribbean Briefing N°12, 30 October 2006 (also available in French)

**Bolivia's Reforms: The Danger of New Conflicts**, Latin America Briefing N°13, 8 January 2007 (also available in Spanish)

**Haiti: Justice Reform and the Security Crisis**, Latin America/Caribbean Briefing N°14, 31 January 2007 (also available in French)

**Venezuela: Hugo Chávez's Revolution**, Latin America Report N°19, 22 February 2007 (also available in Spanish)

**Haiti: Prison Reform and the Rule of Law**, Latin America/Caribbean Briefing N°15, 4 May 2007 (also available in French)

**Colombia's New Armed Groups**, Latin America Report N°20, 10 May 2007 (also available in Spanish)

**Consolidating Stability in Haiti**, Latin America Report N°21, 18 July 2007 (also available in French)

**Ecuador: Overcoming Instability?**, Latin America Report N°22, 7 August 2007 (also available in Spanish)

**Bolivia's New Constitution: Avoiding Violent Conflict**, Latin America Report N°23, 31 August 2007 (also available in Spanish)

**Colombia: Moving Forward with the ELN?**, Latin America Briefing N°16, 11 October 2007 (also available in Spanish)

**Peacebuilding in Haiti: Including Haitians from Abroad**, Latin America/Caribbean Report N°24, 14 December 2007 (also available in French)

**Latin American Drugs I: Losing the Fight**, Latin America Report N°25, 14 March 2008 (also available in Spanish)

**Latin American Drugs II: Improving Policy and Reducing Harm**, Latin America Report N°26, 14 March 2008 (also available in Spanish)

**Colombia: Making Military Progress Pay Off**, Latin America Briefing N°17, 29 April 2008 (also available in Spanish)

**Bolivia: Rescuing the New Constitution and Democratic Stability**, Latin America Briefing N°18, 19 June 2008 (also available in Spanish)

**Venezuela: Political Reform or Regime Demise?**, Latin America Report N°27, 23 July 2008 (also available in Spanish)

**Reforming Haiti's Security Sector**, Latin America/Caribbean Report N°28, 18 September 2008

**Correcting Course: Victims and the Justice and Peace Law in Colombia**, Latin America Report N°29, 30 October 2008 (also available in Spanish)

**Haiti 2009: Stability at Risk**, Latin America/Caribbean Briefing N°19, 3 March 2009

**Ending Colombia's FARC Conflict: Dealing the Right Card**, Latin America Report N°30, 26 March 2009 (also available in Spanish)

**Haiti: Saving the Environment, Preventing Instability and Conflict**, Latin America/Caribbean Briefing N°20, 28 April 2009

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# International Crisis Group

WORKING TO PREVENT  
CONFLICT WORLDWIDE

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