

# Venezuela after the Re-election of Hugo Chávez: *Political Dynamics and Policy Challenges*

Rapporteur's Report by Coletta A. Youngers<sup>1</sup>

## *Introduction and summary of common themes*

In December 2006, President Hugo Chávez was re-elected by a wide margin to a new six-year term in office.<sup>2</sup> He has remained in the headlines since, announcing a series of moves to accelerate Venezuela's transition to what he calls "21<sup>st</sup> Century Socialism." At this crucial time for Venezuela and U.S.-Venezuelan relations, the Washington Office on Latin America (WOLA) held a conference aimed at enhancing understanding in the United States of political dynamics in Venezuela, the domestic and foreign policies being pursued by the Chávez government, the state of Venezuelan democracy and its institutions, and the roots of Chávez's continuing popularity. WOLA sought to create a space in Washington for a diverse, plural exchange that would avoid the extreme positions and polarizing rhetoric that often mark debates in and about Venezuela. The discussion was nevertheless impassioned and lively, as was anticipated. In organizing the conference, WOLA was also mindful that even a day-long event with high-caliber presentations would but scratch the surface of the many complicated and profound issues unfolding in Venezuela today. In that sense, the event was organized in the spirit of open and ongoing debate, and in hopes of stimulating more nuanced and informed consideration of Venezuela and U.S.-Venezuelan relations in the months and years to come.

A dozen distinguished speakers from Venezuela, the United States, Can-



Venezuelan President Hugo Chávez speaks at the Miraflores Presidential Palace in Caracas on December 5, 2006, two days after being elected to another six-year term in office. He holds in his hand a copy of the Venezuelan constitution, with a picture of Simón Bolívar in the background. (Photo: Associated Press)

<sup>1</sup> Coletta A. Youngers is an independent consultant and a Senior Fellow at the Washington Office on Latin America (WOLA).

<sup>2</sup> With his victory in December 2006, in which he won nearly 63 percent of the vote, Chávez has been elected Venezuela's president three times. He first won the presidency in December 1998, with 56.2 percent of the vote. A year later, Venezuelans backed a new constitution, setting new elections for July 2000. Chávez garnered 59.9 percent of that vote and a six-year term. Assuming that Chávez serves the entirety of his new presidential term, he will have been in power for 14 years when it expires in 2012.

On February 14, 2007, WOLA convened a conference to examine the political situation in Venezuela and the implications for regional developments and U.S. policy in the wake of President Hugo Chávez's resounding re-election in December 2006. This conference report synthesizes the main issues of discussion and debate among the group of scholars, NGO representatives, policymakers, and others who participated.



## Venezuela after the Re-election of Hugo Chávez: Political Dynamics and Policy Challenges

**FEBRUARY 14, 2007 • CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE**

9:30 am Registration and Continental Breakfast

10:00 am Opening Remarks: John Walsh, Senior Associate for the Andes, Washington Office on Latin America

10:15 am **PANEL I: POLITICAL CONFLICT AND DEMOCRACY**

Chair and Moderator: Cynthia McClintock, Professor of Political Science and International Affairs, George Washington University

- ▶ Michael Shifter, Vice President for Policy, Inter-American Dialogue; Adjunct Professor, School of Foreign Service, Georgetown University
- ▶ Margarita López Maya, Professor, Centro de Estudios del Desarrollo, Universidad Central de Venezuela
- ▶ Jennifer McCoy, Director of the Americas Program, Carter Center; Professor of Political Science, Georgia State University
- ▶ José Virtuoso, Member, Board of Directors, Ojo Electoral

12:00 pm Lunch (provided)

12:45 pm **PANEL II: INSTITUTIONS AND PUBLIC POLICIES**

Chair and Moderator: Geoff Thale, Program Director, Washington Office on Latin America

- ▶ Julia Buxton, Senior Research Fellow, Department of Peace Studies, University of Bradford, UK; Visiting Professor, Center for Latin American Studies, Georgetown University
- ▶ Carlos Ayala, President, Comisión Andina de Juristas
- ▶ Daniel Hellinger, Professor of Political Science, Webster University
- ▶ Antonio González Plessmann, Venezuelan human rights activist

2:30 pm Coffee Break

2:45 pm **PANEL III: ENERGY AND FOREIGN POLICY**

Chair and Moderator: William LeoGrande, Dean of the School of Public Affairs and Professor of Government, American University

- ▶ Roger Tissot, Director, Latin America Country Strategies, PFC Energy
- ▶ Luis Lander, Director, *Revista Venezolana de Economía y Ciencias Sociales*
- ▶ Carl Meacham, Senior Professional Staff Member, U.S. Senate Foreign Relations Committee (Republican Staff)
- ▶ Ana María Sanjuán, Director, Centro para la Paz y los Derechos Humanos, Universidad Central de Venezuela

4:30 pm Concluding Remarks: panel chairs Cynthia McClintock, Geoff Thale and William LeoGrande and conference organizer John Walsh

WOLA sought to create a space in Washington for a diverse, plural exchange that would avoid the extreme positions and polarizing rhetoric that often mark debates in and about Venezuela.

ada and England were chosen because of their in-depth knowledge of the complex issues facing the country today; together, they brought a tremendous amount of knowledge and understanding to key policy debates. Three panels were organized around the themes of Political Conflict and Democracy, Institutions and Public Policies, and Energy and Foreign Policy. This report provides a summary of the presentations made in each panel, the subsequent discussion, and closing remarks by the panel moderators and conference organizers. Given the rapid pace of political developments in Venezuela, please keep in mind when reading this report that the discussions it conveys occurred over the course of one day in mid-February 2007. For example, by the time the conference took place, Chávez had already announced that the broadcast license of Radio Caracas Television (RCTV) would not be renewed when it expired at the end of May. However the repercussions of that decision, within Venezuela and internationally, remained to be seen.

Although WOLA made clear at the outset that consensus was not the aim of the conference, some common themes and questions did emerge over the course of the day and became the focus of extended debate. One point that most, if not all, panelists agreed upon is that President Chávez's legitimacy was enhanced by the December 2006 elections. He won nearly 63 percent of the vote – obtaining 1.7 million more votes than he did in 1998 – in elections in which the political opposition united behind a single candidate and which international and domestic observers considered to be basically free and fair. Moreover, he won the majority of votes in each of Venezuela's 23 states and the capitol district. Chávez has a strong mandate and popular support which cannot be denied by his critics. Also of significance, Chávez continues to benefit from high oil prices – generating nearly \$50 billion in annual revenues – and strong growth rates (the economy grew 10.3 percent in 2006). In short, he has money to spend on social and other programs.

At the same time, many panelists expressed concern about the direction that Chávez has

taken since the elections with regard to traditional democratic indicators and the further consolidation of power in the presidency. Proposals to permit indefinite presidential reelection, allow Chávez to rule by decree for 18 months, eliminate proportional representation in the National Assembly, and create a single pro-Chávez party, among other actions, are being questioned by some sectors of Venezuelan society and the international community. Some panelists also noted that the perceived lack of checks and balances and mechanisms for accountability and transparency could lead to higher levels of corruption.

A related issue of debate was President Chávez's responsibility to his electorate and whether or not he can deliver what he has promised. Expectations are running high for continued reforms and improvements in living standards, yet as power is increasingly concentrated, two problems emerge. First, can the state bureaucracy and parallel organizations that have been set up deliver the goods? Will the government ultimately enter into a crisis of over-reach? Some pointed to the difficulties of delivering when power is increasingly concentrated and claimed that trends point toward tremendous inefficiencies in government. Second, at what point would Chávez begin to take the blame for lack of progress? Until now, many view him as a "Teflon president," but as his involvement in the daily functions of government increases, so will his responsibility should things go wrong.

Much of the day's discussion centered on the question of democracy – what democracy is and what it should be. What is the balance between democracy and authoritarianism in Venezuela today? What are the tradeoffs between more traditional forms of representative democracy and the kind of participatory democracy being put forward by Chávez as a new model? And can they co-exist? A related issue is the balance between respect for democratic norms and making significant progress in redistributing economic resources and wealth, which inevitably leads to confrontation with those who stand to lose.

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the needs of some middle and lower income sectors of society, debate ensued as to how to take into account the importance of promoting social equity as an indicator of democratic progress. Given the stark inequalities and deep poverty that persist in Latin America, it was asked whether the region's liberal democracies should even be referred to as democratic. Some argued that the vast majority of the poor have never felt that they were represented politically before and – despite the concerns expressed above – now feel that the system is more democratic, as they feel included in politics, are benefiting from improvements in their quality of life, and are hopeful about the future. While the majority of panelists agreed that a proper melding of representative and participatory democracy was the most desirable, the question remained as to whether or not this is the direction in which the country is going.

Combating poverty and social exclusion are priorities for the Chávez government and an array of programs and initiatives are underway to address those concerns. Another topic was therefore the extent to which these programs – and in particular, the *misiones*, or social programs – have led to concrete improvements in the lives of the poor. Has progress been made in addressing inequality and unemployment? Are the social programs simply another form of handouts or are they promoting long-term development? What should the role of the state be with regards to social spending? While views on this differed widely, most agreed that there is a need for more rigorous and balanced analysis of what is being delivered, drawing on not only quantitative but also qualitative social science research methods. Similarly, significant debate ensued as to the content and meaning of the “21<sup>st</sup> Century Socialism” that became the defining theme of President Chávez's election campaign and subsequent initiatives.

From a human rights perspective, advances in economic, social, and cultural rights were lauded by some panelists. Pointing to the *misiones*, they signaled that important progress is underway in providing improved education, health care, and other forms of social security. These same panelists and oth-

ers, however, expressed concern about more traditional human rights issues and the growing problem of citizen insecurity. President Chávez inherited a plethora of human rights and crime-related problems. To what extent has the government addressed these ongoing problems, or have they worsened due to government policies? Issues raised included the lack of independence of the judiciary, threats to freedom of expression, the rising homicide rate, violence in the prisons, and high levels of impunity.

Lively debate also took place regarding the long-term viability of the direction that Chávez appears to be leading the country and potential points of opposition. Most analysts concurred that the political opposition had taken an important step forward in participating in the last elections and hence reentering the political arena. However, the traditional political opposition remains very weak in its ability to challenge Chávez or his programs. Effective opposition is more likely to come from within *Chavismo* itself. All agreed that the high levels of political and societal polarization are likely to continue in the near- to medium-term and present a serious challenge to effective governance.

Turning to Venezuela's role in the international arena, one question is whether or not Chávez is exporting his “Bolivarian Revolution” to other countries in Latin America. While some see Chávez as a threat to U.S. interests in the region, various panelists downplayed Chávez's significance in the emergence of more progressive and left-wing presidents. On the contrary, this trend is a result of common problems many countries are facing, including disillusionment with the so-called “Washington Consensus” and economic policies that have failed to deliver for the poor majorities; the collapse of traditional political parties and the search for more meaningful democratic practices; concern with how Latin American countries can best manage their insertion into the global economy; and anti-U.S. sentiment prevalent across the region. Chávez may be well placed to take advantage of the present political dynamic, but he did not create it and his ability to influence it remains limited.

Most panelists argued that Chávez should not be seen as a direct threat to the United States or other regional powers, because of either his foreign or energy policies. The issues of Venezuela's activist role within the Organization of the Petroleum Exporting Countries (OPEC) and as a reliable energy partner for the United States were the subject of heated debate. As a petro-state, it is in Venezuela's interests to maintain high oil prices, and the country has historically played a very active role within OPEC to promote those interests. For Venezuela, oil revenues are the engine of domestic economic growth and the means to foster regional integration.

For the United States, however, higher oil prices are problematic politically and potentially negative economically. Beyond Venezuela's role as a price hawk within OPEC, the issue arose as to the reliability of Venezuelan oil for the U.S. market. While opinions on that issue differed, most agreed that for the foreseeable future, Venezuela will remain dependent on U.S. crude oil refineries and the U.S. market and that the United States will remain dependent on the flow of Venezuelan oil. Despite antagonistic rhetoric from both governments, this interdependence will continue to serve as a moderating force in bilateral relations.

A final and very important question revolved around the role of the United States. Many concurred that an aggressive, confrontational U.S. approach backfires, reinforcing Chávez's nationalist credentials and fueling for his anti-American rhetoric. A confrontational U.S. approach reduces the opportunities for political criticism and open debate within Venezuela by making it easier for Chávez to label critics and opponents as tools of a hostile U.S. empire. Instead, U.S. policymakers should tread lightly in Venezuela and work with other Latin American governments to deal effectively with regional concerns, in particular confronting poverty and inequality.

The following pages provide summaries of the discussions that took place during the three conference panels. The views and arguments



Public demonstrations like this one in Caracas accompanied the recall referendum in August 2004 and the December 2006 presidential elections. (Photo: Noah Friedman-Rudovsky, The Carter Center)

are presented as much as possible in each panelist's own voice, with repetition of the panelists' names as necessary to clarify whose views are being presented.

## PANEL I: Political Conflict and Democracy

The first panel provided an overview of political dynamics in Venezuela and the central questions of democracy's meaning, the direction of politics in Venezuela today, and how to craft a democratic system that works for the bulk of the population. The factors leading to President Chávez's first election and underlying his continued support were explored, along with issues of governance and the obstacles to implementing 21<sup>st</sup> Century Socialism. The last panelist reflected on the state of the country's electoral system and the extent to which elections are an effective means of ameliorating political conflict.

Michael Shifter<sup>3</sup> initiated the panel with a critical and stark portrayal of the state of

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<sup>3</sup> Michael Shifter is Vice President for Policy at the Inter-American Dialogue and an adjunct professor of Latin American politics at Georgetown University's School of Foreign Service.

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democracy in Venezuela today, focusing on the beginning of President Chávez's second six-year term. In Shifter's view, a series of anti-democratic measures taken by President Chávez since his re-election in December has shifted the nature of the debate on Venezuela. The question is no longer what type of regime this is – it is now clearly autocratic in his view – but rather, whether or not this is good or bad for Venezuelans and whether or not the regime will last. He noted the “benefit of clarity” that has come with recent measures, which point to this autocratic model.

Some of the more troubling steps taken in recent months include:

- ▶ Passage of an “enabling law” which allows Chávez to govern by decree in key policy areas for an 18-month period;
- ▶ A National Assembly that is 100 percent pro-government and where the leader of that body claims that her role is to contribute ideas to the president, rather than to legislate;
- ▶ President Chávez's stated intention to seek indefinite re-election to the office;
- ▶ The president's effort to consolidate all of the political groups on the left into one, pro-Chávez party; and
- ▶ The government's decision not to renew the broadcast license of Radio Caracas Television (RCTV), whose concession expires in May. (RCTV is accused by Chávez of supporting the 2002 coup and it regularly espouses anti-government views.)

Through these and other measures, Chávez is exerting greater political control and concentrating power, while eroding the basic elements of checks and balances and separation of powers. Shifter posed the question as to why Chávez has gone to such extremes, given his overwhelming popular support as indicated in the last elections and his already tight grip on the government.

Shifter then turned to the question of how Chávez lines up with previous authoritarian regimes in Latin America, pointing out that there is no comparable example. Venezuela does not suffer from the levels of repression characterized by Somoza's Nicaragua or Pino-

chet's Chile. In addition, one of the primary lessons of that period in Latin American history is that elections alone do not make a democracy. While Chávez clearly has electoral legitimacy, there is a broader concept of democracy that is generally accepted in the region, which highlights the importance of checks and balances and separation of powers. In that sense, Venezuela has regressed and is at odds with regional trends.

At the same time, Shifter recognized that according to the latest Latinobarómetro poll, the three countries in the region whose citizens rated their country as most democratic are Uruguay, Venezuela, and Costa Rica. This may indicate that many Venezuelans have a very different notion of democracy, based more on issues of social justice. A significant portion of the Venezuelan population feels that they are benefiting from the present government; they feel included and that they have a leader who looks out for the poor and marginalized. In other societies, concepts of democracy may be based more on how democratic institutions are working. Shifter also speculated that the answer to the question of why Chávez is going in this direction, despite the power he has already accumulated, may very well have to do with his concept of participatory democracy.

Regarding the potential longevity of the model taking root in Venezuela, Shifter expressed skepticism that Chávez, in the role of sole decision maker, can last for very long in the context of present political trends in the region and the reality of the complex global economy. Even as Chávez has consolidated power, the vulnerabilities and soft spots of the regime are becoming more evident. Potential fault lines include the likelihood of continued political and social polarization and increasing schisms and rifts within *Chavismo* itself, and the lack of strong popular support for the president's indefinite re-election, or Chávez as “president for life.” Shifter also pointed out that plans to create a single pro-Chávez political party are not widely embraced by those within the Chávez coalition.

For its part, the traditional political opposition deserves some credit for the last elections. It is

finally showing some sense of political strategy, having largely united behind one candidate and participated in the elections. While that candidate has fizzled somewhat since the elections and the opposition needs to regroup, it should continue to be engaged and participate politically. Even as Chávez seeks to ensure that no independent, internal challenges to his rule emerge, actors within his coalition and outside it could prove to be obstacles to achieving that objective.

In conclusion, Shifter quoted from a speech given by Simón Bolívar in Caracas on January 2, 1814:

*Huid del país donde uno solo ejerce todos los poderes: es un país de esclavos.*

Flee the country where one person exercises all power: it is a country of slaves.

**Margarita López Maya**<sup>4</sup> followed with her reflections on the country's direction in the wake of the elections and possible short- and long-term trends. She began with two key points. First, Hugo Chávez won unprecedented support in the December elections, receiving more than 7.3 million votes, representing nearly 63 percent of valid votes (there was a 25 percent abstention rate) – the biggest margin of victory for a president since 1958. Not surprisingly, President Chávez has interpreted this as a strong mandate to pursue his 21<sup>st</sup> Century Socialism and other political projects.

Second, the country is in very good shape economically. The government has benefited from three years of sustained economic growth, with double-digit expansion of Venezuela's Gross Domestic Product (GDP). Oil prices are booming, creating a fiscal bonanza for the government. In other words, the President has money to implement his 21<sup>st</sup> Century Socialism.

Exactly what the electorate was voting for, however, is not as clear as it might seem. The electoral campaign began in black and white terms, with a very aggressive and hard-line discourse by Chávez. As time went on, he

moderated his tone in order to attract undecided voters. The centerpiece of his campaign – 21<sup>st</sup> Century Socialism – became devoid of meaning, as it grew to include so many demands and issues. In the end, each voter had his or her own interpretation: it could mean getting a new house, better education, belief in an egalitarian society, or something else. Thus 21<sup>st</sup> Century Socialism came to represent all of the societal demands accumulated over the years. Its appeal and power as a campaign theme was precisely that it allowed people to adopt their own personal meaning. Now that the elections are over, this void is beginning to be filled as Chávez announces more concrete initiatives.

To date, no fundamental shifts in the economic model have occurred, and the announced nationalizations are allowed under the 1999 constitution. On the other hand, the political model is becoming increasingly clear and is oriented around the concept of the "dictatorship of the majority." In addition to concerns discussed by Shifter, López Maya underscored the proposal to eliminate proportional representation in the National Assembly, which means that minorities would lose representation. While this is already the de facto situation, it would become institutionalized if the proposal is officially adopted. Venezuela is moving towards a system of greatly reduced political pluralism and little opportunity for the expression of the views of minorities.

Another area of concern is the constitutional reform process underway, which circumvents the established State Council (*Consejo de Estado*). Instead, Chávez formed a Presidential Commission of Constitutional Reform to bring the 1999 constitution into line with his plans for 21<sup>st</sup> Century Socialism and named members of other "public powers" – such as the Attorney General, the National Assembly, and the Supreme Court – as commission members. In the case of both the enabling law and this commission, Chávez is sending the message that there is no time for deliberations or debate to achieve his goals. Formal structures of government independent of the

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<sup>4</sup> Venezuelan historian Margarita López Maya is a professor at the Central University of Venezuela's Center for Development Studies and a researcher for the Research Promotion Program at the National Fund for Science, Technology and Innovation (FONACIT).



Margarita López Maya of the Central University of Venezuela (foreground) and Jennifer McCoy of the Carter Center speak on the “Political Conflict and Democracy” panel. (Photo: Jeremy Bigwood)

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executive branch, such as the State Council, are being discarded in favor of others that imply concentration of power in the presidency. This is not illegal, but contradicts the meaning of participatory democracy and illustrates that the independence of the public powers is weakening.

- ▶ There is “a lot of noise within *Chavismo*,” with different and divergent opinions about where 21<sup>st</sup> Century Socialism should go. Right now, space is open for internal discussion and though it is not yet expressed publicly, opposition to the present path is likely to emerge. This is not the case, however, for the political opposition, which has not been able to adapt to Venezuela’s new political reality; and
- ▶ Other progressive Latin American governments are playing a useful role in moderating Chávez’s actions, maintaining strong bilateral relations despite his confrontational style and presenting options for alternative approaches.

In contrast to Shifter, López Maya resisted la-

beling the regime that is emerging, but clearly stated that it can no longer be thought of as a “liberal democracy.” The government is tending towards a pyramid structure, where in practice all other authorities are subordinate to the president. “Popular power,” which is represented at the grassroots level by communal councils, is hierarchical, as by law all are subjugated to the Presidential Commission for Popular Power (*Comisión Presidencial del Poder Popular*). At the state level, Chávez has suggested incorporating into the constitutional reform the addition of several vice presidents (instead of just one, as is now the case) to develop regional policies, which will weaken the present system of governors – despite the fact that they are all currently Chávez supporters.

Given the president’s strong popular support and the weakness of the traditional political opposition, there is little chance of changing course in the short term. However, three tendencies are emerging which could lead to changes in the medium term:

- ▶ The concentration of power is likely to result in severe problems of governance. With one person in control, inefficiencies are likely to increase and at some point, Chávez will begin to take the blame;

López Maya believes that if these tendencies within Venezuela are left to develop on their own, counter-balancing forces could prevail. However, direct confrontation by the United States is counterproductive, benefiting the hard-line sectors within *Chavismo* and bolstering President Chávez himself. Venezuelans must be allowed to forge their own path – free of interference from the U.S. or other governments – hopefully in the direction of a more just and democratic society.

**Jennifer McCoy**<sup>5</sup> focused her presentation on three fundamental questions:

- ▶ What conditions gave rise to the Bolivarian Revolution in Venezuela?
- ▶ What does it look like today and what are its risks and vulnerabilities?
- ▶ Are there similar conditions in other countries to make it exportable?

She concurred with the previous speakers in expressing concern about the breakneck speed with which President Chávez has moved since the December elections and the nature of the changes underway. In McCoy’s opinion, this is not necessarily surprising. Chávez initially had to contend with several years of fierce opposition, followed by two consecutive

<sup>5</sup> Jennifer McCoy is the director of the Carter Center’s Americas Program, directing its Friends of the Inter-American Democratic Charter group, and is a Professor of Political Science at Georgia State University in Atlanta.

elections, during which time he had to attend to popular concerns. Now with re-election behind him, Chávez can devote his attention to his more ambitious political project.

Three underlying factors gave rise to Chávez's Bolivarian Revolution. First, Venezuelans had experienced severe social dislocation. The country's poverty rate increased from 25 percent in the 1970s to 65 percent in the 1990s. Per capita income rose until 1978, peaked that year, and then steadily declined. Second, the state remained weak and public services deteriorated. This led to the third factor: the fragmentation of the political party system and the implosion of the traditional parties. These had largely functioned by doling out resources and services; as these declined, so did support for the traditional parties. Many came to view them as elitist and exclusionary. Within this context, charismatic outsiders emerged to vie for the presidency. Chávez was a product of the failure of the traditional party system.

Contrary to popular perceptions, in McCoy's opinion Chávez came into office in 1998 without a clear plan or ideology; he has improvised from the beginning. He was seeking an alternative to the neo-liberal Washington Consensus model, but recognized the failures of Soviet-style socialism. Chávez gravitated towards something in the middle – a mixed economy with state-led development based on oil revenues – not unlike models used by previous Venezuelan governments. Crucially, however, Chávez changed the way in which oil revenues were distributed. During the *Punto Fijo* democracy from 1958 to 1998, oil revenues were distributed via subsidies to organized groups such as unions, the business sector, the military and the middle class, as a means of building consensus and political stability. Now, revenues are distributed to the previously “unorganized poor” – those who are not part of the groups just mentioned – and to foreign countries through Chávez's oil diplomacy.

Another key aspect of the Bolivarian Revolution is that the Chávez government is creating parallel structures to the state and

to elected representative institutions. Initially, Chávez relied heavily on the military. For example, Plan Bolívar 2000 provided development and disaster relief through the military rather than through regional governments. In 2003 and 2004, he developed and implemented the *misiones*, or social programs, which run parallel to the traditional bureaucracies. More recently, 2006 and 2007 have witnessed the creation of communal councils and higher-level organizations going all the way to the top, which run parallel to municipal and state governments. The end result is the reliance on direct democracy and the unmediated relationship between the leader and the people.

Turning to the risks and vulnerabilities of the Bolivarian Revolution, McCoy claimed that the space for consultation and deliberation is closing, which could lead to resentment, the erosion of political support for Chávez, and increasing conflict. Already, uneasiness is becoming visible among Chávez supporters, social movements, and particularly among intellectuals, although that has not yet transformed into open dissent. Within the traditional opposition, supporters of presidential candidate Manuel Rosales finally recognized their minority status and the government's victory last December. Yet precisely when they have reentered the political arena, Chávez is cutting them off by closing political space. The risk of this kind of concentration of power is that the leader becomes too isolated and does not benefit from healthy debates; he is not challenged or given bad news.

This scenario also creates extreme pressure on the bureaucracy to perform. There is a risk of over-reach and a crisis of distribution, which could lead to frustrated expectations. McCoy concurred with López Maya that Chávez will likely increasingly receive the blame for any failures to deliver, since power is concentrated even more in his hands.

McCoy asserted that the conditions giving rise to the Bolivarian Revolution are shared to some degree by many other countries in the region, including frustration with neo-liberalism's failure to improve peoples'

The conditions giving rise to the Bolivarian Revolution are shared to some degree by many other countries in the region, including frustration with neo-liberalism's failure to improve peoples' lives, anger over U.S. unilateralism, weak states and poor public services, and party system implosion or fragmentation.

The dialogue and compromises that took place on so vital an issue as the electoral process illustrate the capacity for Venezuelans to seek and find common solutions and show that many Venezuelans want to find an alternative to continued polarization and potential violence.

lives, anger over U.S. unilateralism, weak states and poor public services, and party system implosion or fragmentation. Across Latin America, there is a demand for fuller citizenship – for extending the political rights provided via electoral participation to civil and economic spheres in order to address inequalities in access to justice, social services, and income. All of these issues – and the thorny questions of how to best relate to the global economy and to the United States – were visible in the electoral debates across the region in 2006. No other country, however, has all of the conditions giving rise to the Bolivarian Revolution, combined with extraordinary resources behind a charismatic leader.

McCoy concluded with a fundamental question raised by the situation in Venezuela and other countries in the region: can the democratic framework manage the change required and the inevitable conflict that comes with attempts to redistribute political and economic resources peacefully? Or is the alternative authoritarianism and/or conflict and violence?

The final speaker on the panel, **José Virtuoso**,<sup>6</sup> shifted attention to the state of the electoral process in Venezuela. He provided an overview of recent elections, concluding that, while the votes have been conducted in a technically sound manner, they have failed to serve as an effective means of mediating political conflict.

The August 2004 presidential referendum took place in a climate of extreme polarization and political intolerance. The Carter Center, which observed the elections, reported some irregularities that largely stemmed from lack of transparency and the ad hoc operating style of the National Electoral Council (*Consejo Nacional Electoral* or CNE). The political opposition declared the elections fraudulent – though no evidence of this was provided – and refused to recognize Chávez's victory. The government, in turn, disqualified the opposition and took retri-

sals against some who supported Chávez's removal from office. As a result, the referendum left Venezuelan society more polarized and divided. The lack of confidence in the country's electoral system grew and many viewed the CNE with distrust and suspicion; it lacked the credibility to be an independent arbiter of the electoral process. These arguments were used by many in the opposition to justify their political position of abstention from voting.

In the regional and congressional elections of 2004 and 2005, the number of eligible voters who opted not to participate in the elections grew. By 2005, the abstention rate reached 80 percent. The CNE continued to be widely questioned, with some opinion surveys showing as much as half of the electorate holding unfavorable views of the CNE. As a result, the 2006 presidential election campaign got underway in a climate of profound distrust of the country's electoral apparatus and with an important sector of society not believing in the electoral process.

Therefore, it was necessary to rebuild confidence in the electoral process and restore the legitimacy of the CNE. The non-governmental organization *Ojo Electoral* focused its energy on those tasks and, in particular, on efforts to forge agreements between different actors to support a transparent and fair electoral process. The behavior of both the political opposition and President Chávez contributed to improving the electoral climate. The opposition united behind one main candidate, who was in turn able to gain national recognition. Chávez engaged fully in the electoral campaign, creating a climate of competition.

At a technical level, a fundamental problem was the voter registry, which was widely questioned. Studies by various universities and by *Ojo Electoral* ultimately concluded that while there were many inaccuracies and inconsistencies in the registry, these would not affect the outcome of national elections (though these concerns would need to be addressed

<sup>6</sup> Jesuit priest Francisco José Virtuoso Arrieta is director of the Jesuit Center for Research and Social Action of Venezuela and is a founder and board member of *Ojo Electoral*, a non-governmental organization created in 2004 to promote free and fair elections in Venezuela.

prior to regional and local elections). Questions also arose regarding the automated voting system. The CNE, *Ojo Electoral*, and the political parties worked together to develop a technical auditing system to guarantee that all votes would be cast secretly, a fundamental pillar of free elections.

In addition, an electoral observation system was put in place that allowed for political parties and civil society groups to observe the voting. This included a manual audit of more than half of the votes cast to ensure that the paper ballot results coincided with the electronic voting results, procedures to check ballot tallies at each voting table, and other oversight mechanisms of the official tally.

*Ojo Electoral* concluded that the selection of members for regional and local electoral boards for the December 3, 2006, elections followed established procedures and worked effectively. However, concerns were raised regarding the use of public funds for political campaigns, particularly in the case of the president. On election day, *Ojo Electoral* carried out a quick count based on 337 voting tables; the results coincided with the official count. The systems just described functioned effectively and no major abnormalities were reported by the *Ojo Electoral* observation team.

Virtuoso concluded by noting that the elections were successful from the point of view of democratic participation. Of particular importance, the political parties, civil society organizations, and the CNE reached accords on how to ensure the transparency and fairness of the electoral process. Despite some continuing weaknesses, the CNE effectively carried out its mandate. As a result, the outcome was widely accepted. Constructive dialogue and respect for democratic institutions contributed to a sound electoral process. According to Virtuoso, the dialogue and compromises that took place on so vital an issue as the electoral process illustrate the capacity for Venezuelans to seek and find common solutions and show that many Venezuelans want to find an alternative to continued polarization and potential violence. Unfortunately, this democratic advance has

been overshadowed by the actions taken by President Chávez since he won re-election. The present political climate again serves to further political polarization.

Much of the **discussion** that followed focused on the issue of democracy. Several in the audience pointed out that Venezuela tried representative democracy for many years and it did not work, hence people are seeking a new model. Margarita López Maya elaborated that many people perceive improvements in their quality of life and do not necessarily care if political space is closing, as they have never felt represented before. It is now the middle and upper classes that feel excluded.

López Maya also reiterated that the democratic framework is still in place in Venezuela, as Chávez was democratically elected. Moreover, social equity is very basic to democracy. She noted, however, that the country lacks some important aspects of a democratic regime, most importantly, pluralism and tolerance of differences. She also pointed out that Venezuelans have lived in a polarized society for the last ten to fifteen years; they can live for a long time in an aggravated society, where tensions surge and then subside.

Michael Shifter clarified his earlier remarks, indicating that, while there are many weaknesses – such as the lack of checks and balances and likely splits within *Chavismo* – he would not expect the Chávez government to collapse any time soon, pointing to the relative longevity of General Pinochet in Chile, Alberto Fujimori in Peru, and Fidel Castro in Cuba. The question, according to Shifter, is whether or not Chávez is putting into place the mechanisms that he needs to govern effectively and therefore maintain power. In short, there are two contradictory forces at work: on the one hand, the staying power that such regimes have shown in Latin America historically; and on the other, the vulnerabilities described earlier and the growing problem of common crime and citizen insecurity.

Jennifer McCoy added that, while Chávez benefits from electoral legitimacy now, that

Many people perceive improvements in their quality of life and do not necessarily care if political space is closing, as they have never felt represented before.



Panelist Julia Buxton of Georgetown University and the University of Bradford, UK, addressed the need for more comprehensive evaluation of the impact of the *misiones* in Venezuela. (Photo: Jeremy Bigwood)

condition will not last, as the erosion of checks and balances will eventually leave the electoral process without effective oversight mechanisms. At what point will the country cross the line of elections that are not acceptable enough? Similarly, Virtuoso pointed out that a weakness of the last campaign was the inability of the CNE to exert control over the president as a candidate. The CNE, the judiciary, and citizens more broadly are increasingly unable to set limits on presidential power and actions.

A related debate was the extent to which there is open dialogue and debate within *Chavismo*. According to López Maya, there is evident discussion, debate, and dissent, though people are very cautious as they know that Chávez seeks to destroy any opposition. They have learned that they cannot be confrontational. In contrast, Shifter sees little room for dissent and McCoy claims that while there was space for dissent previously, it has been closing since January 2007. She also pointed to the weakening of the National Assembly and the move to create a single party as other indicators of the shrinking deliberative space within *Chavismo*.

## PANEL II: Institutions and Public Policies

The second panel delved deeper into the content of Chávez's 21<sup>st</sup> Century Socialism, as well as the roots of the popular support for President Chávez. More in-depth analysis was provided of the *misiones* and the government's efforts to both improve people's daily lives and redistribute income. Panelists also laid out human rights and rule of law issues not discussed in detail previously, and dealt with the thorny questions related to citizen security and increased crime and violence. The content and meaning of democracy continued to be a subject of debate.

Julia Buxton<sup>7</sup> launched the panel, focusing her remarks on social policy in Venezuela

and in particular, the topic of evaluating the *misiones*. While Chávez's anti-poverty record is crucial to understanding the political dynamics underway in the country, most analysis and debate about it tend to be prejudiced by anti- or pro-Chávez viewpoints. There is a need for a more nuanced understanding of his policy initiatives, or we run the risk of losing the lessons learned from this social experiment.

Turning to global anti-poverty initiatives, Buxton pointed out that progress towards poverty reduction has been fitful and halting and that the international community is not likely to reach its stated goal of halving the number of people living in poverty by 2015. Some programs – such as conditional cash transfers – have had interesting results, but have not led to a rapid and progressive diminution of poverty.

Among what has been learned to date about poverty reduction, Buxton emphasized:

- ▶ Poverty reduction strategies have limited viability and sustainability if they do not allow people to exercise decision making and identify their own needs; are delivered top down; and do not enhance political capacity;
- ▶ Sectoral interventions in education, health care, etc., may lead to improvements in social development indicators, but will not lead to reductions in income poverty unless they are part of a package of interventions that are supported by sustained fiscal expenditures; and
- ▶ Meaningful reductions in poverty and inequality in particular require the redistribution of wealth and the redistribution of the means of wealth generation.

Efforts to redistribute wealth affect vested and material interests and hence by definition are divisive and conflict inducing, as is so evident in Venezuela today.

With respect to the *misiones*, Buxton asserted that, in theoretical terms and

<sup>7</sup> Julia Buxton is a visiting professor in the Center for Latin American Studies at Georgetown University and a Senior Research Fellow in the Department of Peace Studies at the University of Bradford in the United Kingdom.

MISIÓN	DATE OF CREATION	GOAL
Misión Barrio Adentro	April 2003	Health and well-being
Misión Robinson I	July 2003	Literacy
Misión Sucre	July 2003	Creating more openings in universities
Misión Miranda	October 2003	Organization of the military reserves
Misión Robinson II	October 2003	Elementary education
Misión Ribas	November 2003	Secondary education, for high school drop-outs
Misión Mercal	January 2004	Access to a basic basket of goods, including food and medicine, for the poorest populations
Misión Identidad	February 2004	Documentation of the entire population
Misión Vuelvan Caras	March 2004	Developing programs to involve more citizens in efforts for sustainable development
Misión Habitat	August 2004	Construction of new housing units for the poor
Misión Guacaipuro	October 2004	Food safety, health, education, and land reform initiatives in favor of indigenous groups
Misión Pilar	October 2004	Support for miners and for environmentally-sound mining practices
Misión Zamora	January 2005	Land reform, expropriation of large estates
Misión Cultura	July 2005	Enhancement of cultural identity and education about Venezuelan culture
Misión Negra Hipólita	January 2006	Gathering information about the needs of and providing for the homeless

Sources: <http://www.mem.gob.ve/misiones/index.php> and D'Elia, Yolanda, "Las Misiones Sociales en Venezuela: una aproximación a su comprensión y análisis," Instituto Latinoamericano de Investigaciones Sociales in Caracas, Venezuela, October 2006.

despite some flaws, the Venezuelan government is in fact pursuing what leading development institutions consider best practices, for the following reasons:

- ▶ The *misiones* are a complete, integrated package of social policy interventions;
- ▶ The government has sought to improve access to credit;
- ▶ The programs are predicated on popular empowerment, grassroots delivery, and popular identification of need;
- ▶ The programs are largely financed from taxes and hence are not dependent on commodity fiscal streams; and
- ▶ Gender issues are mainstreamed into the *misiones*.

Indeed, the social programs have had a positive impact on poverty and inequality in the country. However, the extent of that impact has yet to be determined. Buxton qualified her assertions by noting that there is a lack of good empirical research and data on the poverty reducing impacts of the *misiones*. Moreover, it is difficult to disaggregate the poverty reducing impacts of high oil prices, economic growth, and increased public spending from the direct impacts of the *misiones*.

A balanced assessment of the programs is needed, one that looks at both their good and bad aspects. Buxton then laid out some issues that should be taken into account in such an assessment. First is the need to be holistic in evaluating the *misiones*. For example, disputes over the illiteracy rate are not a satisfactory basis for rejecting the *misiones* all together. Second, other economic variables need to be factored in, such as the severe economic recession in 2002 and 2003. A third issue is that of sustainability, though she noted that many major capital outlays – such as schools and purchases of medical equipment – have already been made. Finally, she pointed to the need to engage in qualitative and not merely quantitative analysis. Looking at the traditional quantitative indicator data is not enough; evaluators need to go into communities and talk to people. What Buxton has learned in her field research in Venezuela is that people feel a tremendous sense of empowerment and opportunity, which she had not found in her previous 15 years of working in and on the country.

Latin America has the dubious distinction of being the most unequal region in the world, with significant percentages of people living in extreme poverty. There is a pressing need

Poor people are not somehow irrational if they support a movement or government that provides their families with basic medicines and educational opportunities.



A banner from the December 2006 presidential elections urges Venezuelans to vote for Chávez and “against the devil, against the empire.” (Photo: Avery Davis-Roberts, The Carter Center)

for a wider and more serious debate on poverty reduction in the Americas, one that is not ideologically driven or dogmatically “free trade.” To potentially discard the lessons learned from the *misiones* experience in Venezuela because of political prejudices would be detrimental for the whole region. Finally, Buxton noted that U.S.

policymakers need to understand that grindingly poor people are not somehow irrational if they support a movement or government that provides their families with basic medicines and educational opportunities, and they should seek to understand the widespread global rejection of market-based solutions and the strength of the demands for inclusive and meaningful citizenship.

In contrast to the panel’s first speaker, **Carlos Ayala**<sup>8</sup> painted a worrisome picture of the state of human rights and democratic institutions in Venezuela today. He began by putting the present situation in its historical context. Over the course of its nearly 200 years of independence, Venezuela has had 16 revolutions and 27 constitutions. Moreover, political and constitutional changes have almost always been carried out under the banner of Simón Bolívar, Venezuela’s liberator. Historically, militarism and Bolivarism have gone hand in hand, as military leaders have governed the country the majority of the time. Each new “revolutionary” government has sought to break with the past, inaugurating a new epoch with a new constitution while invoking the historical legacy of Bolívar.

While Venezuela has always aspired to democratic regimes and the ideal of opportunities for all, the political system – with few exceptions – has been characterized by too much power in the executive branch, arbitrariness, corruption, lack of transparency, economic inequality and poverty, and inefficient public services. Almost all democratic governments have come to power promising voters to overcome these impediments to progress. For many Venezuelans, Chávez’s triumph in 1999 represented an opportunity to do just that. The vast majority, including those in the opposition, saw a new constitution as necessary for transforming the country. Despite the fact that Chávez engineered a constituent assembly composed mostly of his supporters, the final text of that constitution represented an important advance in human rights, citizen participation, and mechanisms for direct democracy.

President Chávez clearly enjoys majority support and his popular message has resonance; however, he also taken on a quasi-religious cult like figure. His notion of “the people” includes only his supporters, he is intolerant of criticism, and he uses a militaristic discourse, with political opponents viewed as the enemy. Many of Venezuela’s problems persist and some are even worse.

Ayala then turned to the situation of victims of violence. Venezuela’s homicide rate has risen sharply since the early 1990s, especially in large cities, and the number of murder victims reached approximately 12,000 in 2006. The victims are for the most part poor, males, minorities, and unemployed. Impunity is the norm for these cases, over 90 percent of which remain unsanctioned. Citizen security is further eroded by paramilitary police death squads. According to official statistics, from 2000 through 2005, 6,034 police officers were under investigation for arbitrary executions, yet not one has received a final conviction. Of particular concern are the *sicarios*, or hired guns, that operate in rural areas where there are land disputes.

<sup>8</sup> Presently a professor at the Andrés Bello Catholic University and at the Central University of Venezuela, Carlos M. Ayala is the President of the Andean Commission of Jurists and the former president of the OAS’s Inter-American Commission on Human Rights.

Another pressing problem is prison violence, which has worsened over the last eight years. Between 1999 and 2006, 2,744 murders and 9,524 wounded were reported, out of a prison population of about 18,000. More prisoners are killed in Venezuelan prisons than in any other South American country. Ayala asserted that the government appears to be more interested in exerting political control than in controlling crime. As evidence, he cited the rapid turnover of personnel in key positions in the Ministries of Justice and Interior (nine ministers) and the Director of Prisons (15 directors). This has made it impossible to design and execute effective policies.

The justice system is also an old problem that in some respects has worsened. Undeniable operational advances are evident in issues related to labor and minors. However, the justice system is characterized by impunity, lack of independence, and inadequate professional formation of judges. Of particular concern, an expanded Supreme Court has shown clear bias towards the government in its rulings, and political interference has also hindered the work of other courts. Judicial independence – an essential element of democracy – is sorely lacking.

Setbacks are also evident in freedom of expression. Ayala pointed to the criminalization of public protest, in response to the peaceful public mobilizations that have occurred in recent years. Violent repression of such protests is increasing, and criminal charges are now sometimes filed against those involved in the protests. Other violations of free speech include intimidation and physical aggression toward reporters and censorship. In 2006, three journalists were killed, presumably because of their work, and judicial charges were filed against numerous journalists. On December 28, 2006, President Chávez announced his decision not to renew the contract of the privately-owned RCTV, which is viewed nationwide and widely among popular sectors. This affects not only

the station's right to report the news, but also the people's right to receive it.

Human rights and other non-governmental organizations (NGOs) have also been subject to attacks and intimidation because of their work. Legislation pending approval in the National Assembly (the International Cooperation Law) would severely restrict the work of some NGOs.

Ayala concluded by noting that nearly 40 percent of the Venezuelan electorate voted for the political opposition. These Venezuelans have the right to be recognized and represented as citizens, with full liberties – including the right to oppose the government via democratic means. A true democracy is measured by how the majority respects the rights of the minority. Unfortunately, in Venezuela today only those who support the president are first-class citizens; those who oppose him are second-class. Those in the first class have access to benefits and jobs; those in the second class feel excluded and are discriminated against. Given this situation, the challenge facing the country today is how to strengthen and deepen pluralistic and constitutional democracy for all sectors of society.

**Daniel Hellinger**<sup>9</sup> began his presentation with brief comments on a survey of grassroots attitudes towards democracy in Venezuela, conducted with Luis Lander. The interviews were conducted in popular and middle class neighborhoods with a high level of community organizing, so it was not a representative national sample. Moreover, it was completed in August 2006 and significant changes have taken place since then. Thus, it is a snapshot of attitudes within particular communities at a particular moment in time, and should be analyzed as such.

The results of the survey show that participation in neighborhood organizations is relatively high. Venezuelans in both lower and middle class neighborhoods remain highly

A true democracy is measured by how the majority respects the rights of the minority. Unfortunately, in Venezuela today only those who support the president are first-class citizens; those who oppose him are second-class.

<sup>9</sup> Daniel Hellinger is a Professor of Political Science at Webster University in St. Louis, Missouri, and is President of the Venezuela section of the Latin American Studies Association.

It is not clear that Chávez will succeed in uniting all the left. The looming questions are how a single party will be organized internally and how party officers and nominations for office will be filled

committed to the more traditional characteristics of representative democracy, and contrary to conventional wisdom, they show a high tolerance for dissenting views. They remain deeply pessimistic about political parties and their relationship to democracy.

Regarding the present political situation, Hellinger maintained that “hope,” “anxiety,” and “astonishment” best describe the actions taken by President Chávez since his landslide re-election on December 3. His re-nationalization of important sectors of the economy may have little support in the country’s middle class, but it is widely popular among the majority of the population. The public is similarly aligned over his plans to amend the constitution to allow him to stand for another re-election and to redraw the system of municipalities and states.

Hellinger presented a different view than those previously articulated regarding Chávez’s decision not to renew the broadcasting license of the RCTV station. In his opinion, the announcement should hardly have come as a surprise, given the media’s central role in the coup against

the president. RCTV “makes FOX TV look like the BBC.” It does not help to build tolerance, despite its popular appeal. Hellinger said that the more important question about RCTV is to whom and for what purpose the license will be re-allocated.

With regard to Chávez’s authority to rule by decree during an 18-month period, the first two decree powers – transformation of the institutions of the state and civic participation – enable Chávez to try to bolster “popular participation” mechanisms, especially the communal councils, and to redraw the jurisdictions of states and municipalities. This raises the question, brought up in the first panel, of how the organs of popular power will relate to local governments. The communal councils are the next generation of popular participation after the Bolivarian Movements. Already, 18,000 communal councils have been formed. Two-hundred families must register to form one council, although communities are petitioning for a lower number in rural areas.

Why has the president decided to legislate through decree rather than entrust policy to a legislature controlled almost entirely by supporters of his revolution? In Hellinger’s view, Chávez is attempting a non-violent Cultural Revolution; in other words, he is trying to make an end run around his own political establishment. Chávez is frustrated with his own bureaucracy and mid-level political leadership. For the same reason, he is trying to force the hand of his coalition partners by requiring that they form the United Socialist Party of Venezuela (PSUV). Chávez has some grounds for believing that at this moment, he can use his charisma to launch a popular movement that will accomplish his goals.

It is not clear, however, that Chávez will succeed in uniting all of the left. Reading between the lines of the three largest minority partners in his coalition, their declarations on the PSUV considerably hedge their commitment to unity. The key variable is not whether the PSUV can formulate an ideological manifesto acceptable to all; rather, the looming questions are how a single party will



Patients wait for medical care at *Misión Barrio Adentro* in Caracas, November 2006. (Photo: Fernando Llano, Associated Press)

be organized internally and how party officers and nominations for office will be filled.

The experience in the *Chavista* labor sector suggests a minefield ahead for forging unity. There are serious disputes within the Bolivarian labor movement about labor rights in endogenous development projects, such as cooperatives and co-managed companies, and about how to elect its own leadership. These same issues are likely to re-emerge when the PSUV tries to organize itself. In the end, Chávez will likely have to intervene personally, which is probably not what he wants.

However, if Chávez is successful in creating a united front, will the members of either popular organizations or the PSUV be able to say “no” to their leader? In Hellinger’s view, an invigorated participatory democracy combined with representative democracy is the ideal. In the case of Venezuela, the profound distrust of political parties transfers sometimes into a lack of confidence in representative government, which is why within *Chavismo* there are sectors calling for the replacement of representative with participatory democracy. Actively involved citizens can invigorate representative democracy, but the system will only work if people are empowered to go in a different direction than Chávez, should they so desire. Ironically, the best measure of Chávez’s success will be whether the PSUV is able to say “no” to its own creator. Another telling sign will be how the PSUV conducts itself in local elections scheduled for 2008.

In concluding, Hellinger noted that all paths are open in Venezuela at the moment. While there are reasons for concern, Venezuela must also be viewed as a great experiment in decentralization of budget-making authority and grassroots democratization.

The final speaker, **Antonio González Plessmann**,<sup>10</sup> further elaborated on what democracy means in Venezuela today. Since the 1998 election, the concept of democracy that Chávez has offered to the country is one that

transcends the basic principles of liberal democracy, characterized by periodic elections, separation of powers, and freedom of expression. While also incorporating this definition, the 1999 constitution includes multiple forms of popular participation and underscores the pursuit of social justice.

Those governing Venezuela today understand democracy to include the construction of a just model of social organization and social relations, as well as the democratization of power and wealth in a profoundly unequal society. This concept of democracy has been embraced by a growing percentage of the electorate: 56.2 percent in the 1998 presidential elections, 59.9 percent in the 2000 presidential elections, 59.1 percent in the 2004 referendum, and 62.9 percent in the December elections, according to the CNE. The construction of this new form of democratic socialism will be defined in the next period of government.

The social policy of the Chávez government differs significantly from that of his predecessors. There are three main conceptual differences:

- ▶ The proactive role of the state in correcting inequality through public policy and the redistribution of wealth;
- ▶ “Positive discrimination” in favor of the poorest sectors of society, as seen through the lens of universal rights; and
- ▶ The stimulation of popular participation, such that the goal is not only to redistribute wealth but also to democratize political power.

The primary indicator of the government’s political will to redistribute wealth is social spending, which doubled as a percentage of GDP between 1998 and 2005, when it reached 14.69 percent. The impact is evident in public policies in health, education, the distribution of land, social security, job training, and food security.

Ironically, the best measure of Chávez’s success in creating a United Socialist Party of Venezuela (PSUV) will be whether the party is able to say “no” to its own creator.

<sup>10</sup> Sociologist Antonio José González Plessmann is the Diagnostic Coordinator of the National Commission for Police Reform of the Ministries of Justice and the Interior and has also worked in the Ministry of Planning and Development.

The number of protests for social rights has doubled since the previous government; the vast majority of the protagonists are popular sectors where support for the government is high.

Greater resources invested in education, for example, have led to greater coverage. The number of children in class compared to the number that should be there doubled for pre-school age and increased between 7 and 12 percent in other educational levels. Through the *Misión Róbinson 1*, nearly 1.5 million people achieved literacy. As a result, UNESCO has declared Venezuela free of illiteracy. All together, nearly two and a half million people have benefited from the initiatives in education. While many problems in the education system remain, clear advances are being achieved.

Similar gains have been made in social security, where coverage has increased for retirees, in food distribution, and in health care. These advances have taken place in the context of economic growth, decreasing unemployment and underemployment, and increases in the purchasing power of salaries. As a result, rates of poverty and critical poverty have declined; the former fell to 19.9 percent in the first half of 2006 and the latter to 12.9 percent.

Changes in social policy are accompanied by increased local participation in many forms. While problems of paternalism, clientelism, and bureaucracy persist, the number and variety of experiences in participation are encouraging. Interestingly, social sectors continue to mobilize to press their demands before the state. The number of protests for social rights has doubled since the previous government; the vast majority of the protagonists are popular sectors where support for the government is the strongest. For González Plessmann, progress in constructing social democracy is advancing slowly but insufficiently, as Venezuela continues to have a very unequal distribution of wealth.

Venezuelans are living through a political process that is ambiguous and contradictory. Various tendencies point to the democratization of power and wealth: popular sectors are more aware of their rights and are better organized, and policies are now in place that improve their ability to meet basic needs. Yet other tendencies point in another direction: continued corruption, Chávez's cult-like figure which weakens the process

of political change underway, intolerance and sectarianism, the lack of mechanisms for evaluating and strengthening new institutions, the creation of new economic elites protected by the state, and the inability to control crime, which primarily affects popular sector youth.

Given these contradictions and inconsistencies, it is easy to conclude either that democracy is critically wounded or dead, or that the democratization of society is underway. Data can be found to support the conclusions that stem from one's ideological perspective. However, what is undeniable is that on numerous occasions Venezuelans have had the opportunity to choose between very different political projects, exercising their political rights without unleashing extreme violence.

The principal challenge for Venezuelans today is to strengthen democratic tendencies while neutralizing the authoritarian tendencies evident in the political process. Towards that end, there is much that the United States can do. The U.S. inclination to intervene in Venezuela in various ways, contrary to the self-determination of peoples, fuels both the most conservative and the most left-wing sectors and stimulates sectarianism. The challenge is to manage the two countries' undeniable differences within the framework of the international legal consensus in the OAS Charter, via diplomatic channels.

Two issues were repeatedly raised in the wide-ranging **discussion** that followed the presentations. The first is the role of the *misiones* and their relationship with state institutions ostensibly tasked with providing similar or the same services. According to Julia Buxton, the *misiones* were created precisely because state institutions were so ineffective and hence they are a very de-institutionalized project that at some level does create parallel institutions. This is a big challenge for donors: how to promote pro-poor growth when state structures do not work and the poor do not have access to them? Realistically, more informal structures must be relied upon. In the opinion of Antonio González Plessmann, this is an unresolved problem and is the biggest weakness of the *misiones*.

One member of the audience raised the question of the extent to which the *misiones* are a hand-out program as opposed to a means for promoting long-term development. González Plessmann acknowledged that they do function largely as an emergency response, but noted that slow progress is being made in institutionalizing their role. Buxton took issue with the way in which the concept of the welfare state was being questioned, maintaining that “the welfare state creates citizens, not beggars” and that the role of the state is to create opportunities by providing benefits to its citizens.

The second issue was the question of whether and to what extent Chávez is a destabilizing influence in the region. Pointing out the U.S. government’s long record of intervention across the region, Daniel Hellinger wondered “how can you even ask about Venezuela?” The more interesting question for Hellinger is how Chávez carries out diplomacy as it relates to social movements. For example, there are some sound reasons for Venezuela to have positive relations with Iran, but should Chávez be embracing a president who is widely criticized by social movements in his own country? Often, what Chávez wants is at odds with indigenous and environmental movements in his own and other countries.

González Plessmann noted that U.S. statements to the effect that Venezuela poses a danger for Latin America arouse fear in the country, since similar expressions by the U.S. government have in other circumstances resulted in direct intervention. (In the previous panel, Jennifer McCoy had stated that there was no possibility of a U.S. invasion, due to lack of political support within the United States and the lack of operational capacity of U.S. troops, now spread very thin. Rather, the fear of an invasion is created by Venezuelan political leaders.)

According to Buxton, Chávez has found a niche internationally as he heads one of the few governments tackling the difficult issues of poverty and exclusion. U.S. disengagement from the region has hurt its credibility, while

domestic elites have conspicuously failed to address these issues.

Discussion also returned to the issue of democracy. Carlos Ayala noted that justice is one of the most important components of a democratic system. Interestingly, in both poor and middle class sectors, Venezuelans point to the importance of a judiciary where all citizens are treated equally. For the middle class this may be a more abstract concept, but for the poor it has to do with their daily lives. They encounter injustice when they relate to the police, to violence, to the court system and the prisons. For the poor, judicial independence in reality means better treatment, less violence, and access to justice in general. Therefore, the call for judicial independence is not only a mechanism of political control within a democracy, but has very direct implications for the daily lives of those from the poorest sectors of society, who are hurt most when judicial independence does not exist.

### Panel III: Energy and Foreign Policy

The final panel focused on the complex issues of oil and energy policy. The topic ran through the day’s discussions, as oil revenues have provided the resources necessary for the Chávez government’s social policies and its ambitious foreign policy. Specific topics explored in this panel included Venezuela’s role in the global oil industry, its effort to diversity partners and the role of China in that effort, its historical role in OPEC, and its petro-diplomacy. A contentious topic was whether or not Venezuela is a reliable oil partner for the United States. Finally, the Chávez government’s broader foreign policy and regional role were analyzed.

Roger Tissot<sup>11</sup> opened the panel with an overview of global and regional trends as they relate to Venezuelan energy policy. Picking up on comments by previous speakers, he noted that the benefits of globalization have been unevenly distributed and clustered in a

The principal challenge for Venezuelans today is to strengthen democratic tendencies while neutralizing the authoritarian tendencies evident in the political process.

<sup>11</sup> Roger Tissot is a Director in PFC Energy’s Country Strategies practice, where he is responsible for conducting political, energy sector, and economic analysis on Latin America. He has also worked for numerous Canadian-based energy companies.

The sense of energy insecurity is increasing for both consumers and producers in the global market, creating suspicions on both sides.

few prosperous countries, which is one factor leading to expression of different regional and national political alternatives. Within this global climate, the sense of energy insecurity is increasing for both consumers and producers, creating suspicions on both sides. Four factors are at play:

- ▶ Industrialized countries question the intentions and capabilities of resource holders;
- ▶ Resource holders question the sustainability of demand;
- ▶ Competition for access to energy resources from industrializing Asia is creating greater competition for resources; and
- ▶ Populations of the major resource holders are demanding a greater share of revenues.

Asia and the Middle East will rival the United States and Europe for energy demand by 2016. China in particular is generating significant energy insecurity as it is buying up reserves in many countries to fulfill its resource needs.

From the point of view of the international oil companies, industry costs are rising and it is increasingly difficult to replace reserves. Most of the remaining oil reserves are in the hands of governments or state oil companies; there is less “real estate” available and what is there tends not to be in the hands of friendly governments. As a result, oil companies are “rule-takers and price-takers.” As resource nationalism has surged, national oil companies have been strengthened, reversing previous privatization trends. However, doors are not being closed to private investors; rather, they are active participants through strategic partnerships and production sharing agreements. According to Tissot, Venezuela is a trend-setter in this regard, as it seeks to obtain a greater share of oil profits.

He then turned to the situation in Latin America. Because of the decline in oil production in many non-OPEC countries, increasingly the solution for energy demand is in Latin America. Traditionally aligned with the Washington Consensus model of economic development, most Latin American countries adopted globalization policies of re-

moving trade barriers and seeking to deepen market integration. However, this approach failed to solve the inequity problem. Trade liberalization increased the wage gap between skilled and unskilled workers, reduced formal employment, and forced more workers into the informal economy. Today, the political landscape has shifted significantly, as discontent with the Washington Consensus has grown and electoral results show a deep polarization based on income differences.

Though many analysts characterize recently elected governments as left-wing and populist, they are better described as “neo-populist,” in that they have learned from the past and are fiscally conservative. They are paying off debts and accumulating reserves as protection from external shocks, and monetary policies are keeping inflation under control. In addition, trade surpluses have allowed for large international reserves accumulation. However, other problems remain prevalent across the region, including low savings rates, high levels of spending, and a severe infrastructure development deficit.

Within the international and regional context, oil and commodity exporting countries are the “winners,” while oil importing and manufacturing exporters are the “losers.” As the hydrocarbon powerhouse, Venezuela is well positioned. Tissot pointed out that Latin America holds the largest petroleum reserves in the world after the Middle East, but that these are unequally distributed. Venezuela holds nearly 70 percent of the total proven Latin American hydrocarbon reserves. If extra heavy crude oil is included, Venezuela’s oil reserves rival those of Saudi Arabia.

Venezuela is taking advantage of its oil abundance to leverage development, promote regional integration, and reduce dependence on the United States. The current national development strategy is aimed at promoting economic improvements in the long-neglected center-south region of the country, as well as implementing the social programs previously described. Regionally, oil is used for forging foreign relationships, such as with Cuba and the Caribbean. Venezuela is provid-

ing significant economic support to friendly governments such as Bolivia, Ecuador, and Nicaragua. It is also seeking to diversify markets and thereby reduce its dependence on the United States. Key to that effort is China, which is building factories and helping with technology transfer in exchange for oil.

In conclusion, Tissot noted that Venezuela faces many challenges ahead. As oil represents 80 percent of export revenues, its economy is increasingly vulnerable to oil price declines. Oil profits have financed massive spending, but excess liquidity is causing inflation, which could prevent the country from meeting its investment and other goals. Significant investments by *Petróleos de Venezuela, S.A.* (PDVSA), the state-owned oil company, are needed to meet the government's ambitious production goals, but such investments could compete with social programs that now also capture a significant percentage of PDVSA revenues. The government will have to address the increasing macroeconomic imbalances, which could suggest the need for a more modest foreign policy in the future.

The next presentation, by **Luis Lander**,<sup>12</sup> focused on the use of energy resources in Venezuela as a diplomatic lever in international relations. For this to be successful in any country, three specific conditions must be met. First, the country needs to have the resource, be it oil or another commodity. As explained by the previous speaker, Venezuela is an energy powerhouse, with the largest reserves in the hemisphere and the sixth largest in the world. It is also the fifth largest exporter of petroleum in the world. Second, the product market needs to be strong. At times oil is a consumer market, but right now prices are high and producers have the upper hand, creating opportunities for oil diplomacy. The third key ingredient is political will to use oil as a tool in international relations – which is clearly the situation in Venezuela today.

Lander pointed out that the country has a long history of such engagement, going back to the late 1940s and early 1950s

when Venezuela was the first oil-exporting country in the world and sought to work with governments from the Middle East as they entered the market. OPEC, the most successful association of producer countries of raw materials, was created in 1960 largely due to the work of government ministers from Venezuela and Saudi Arabia. Also, the San José Agreement was signed in 1980 by the governments of Venezuela and Mexico (the producer countries) and 11 Central American and Caribbean countries to provide financing facilities to help non-producer countries cope with high oil prices. The core of the accord was a schedule indicating when the full price for oil was to be paid or when a sliding scale would take effect, indicating what percentage of the sale would be paid outright and what percentage would be financed, depending on the price of oil. A very similar accord – the Caracas Energy Agreement – was reached in October 2000 between Venezuela and Central American and Caribbean countries, also based on a financing scheme.

Lander then turned to Venezuela's *Petroamérica* project. Although there is no defined structure, *Petroamérica* encompasses three distinct initiatives: *Petrocaribe*, *Petrosur* (which includes the Mercosur countries), and *Petroandino*. The latter was originally conceived as part of the Andean Community of Nations, but since Venezuela has pulled out, cooperation continues to take place bilaterally with Bolivia, Ecuador, Peru, and Colombia. In each case, Venezuela is seeking to use oil as a tool for regional integration.

*Petrocaribe* is the most structured initiative. Venezuela is the only supplier country involved, while 13 Caribbean countries have signed on to receive benefits. The arrangement is very similar to the accords just described, with payment schemes and financing mechanisms based on the price of oil. However, *Petrocaribe* goes further, as it includes additional investments, such as in oil refineries. For example, an oil refinery in Cienfuegos, Cuba, is being reactivated and is expected to start operations in 2007;



Luis Lander of the Central University of Venezuela discusses the use of energy resources in Venezuela as a diplomatic lever in international relations. (Photo: Jeremy Bigwood)

Venezuela is taking advantage of its oil abundance to leverage development, promote regional integration, and reduce dependence on the United States.

<sup>12</sup> Luis E. Lander is a mechanical engineer and a professor in the school of Social Sciences and Economics at the Central University of Venezuela.

Significant investments by PDVSA, the state-owned oil company, are needed to meet the government's ambitious production goals, but such investments could compete with social programs that now also capture a significant percentage of PDVSA revenues.

old refineries in Kingston, Jamaica, and in Dominica are also being reactivated. Efforts are also underway to increase oil transportation and storage capacity. Venezuela presently operates a fleet of 21 oil tankers, with plans to increase that to 51 in the coming years to increase its ability to serve the region and the rest of the world.

In the case of *Petrosur*, bringing together Argentina, Brazil, Paraguay, Uruguay, and Venezuela, the most important component is the envisioned trans-Amazon pipeline. While it is not yet fully defined and many environmental concerns have yet to be resolved, recently President Chávez and Brazilian President Luiz Inácio Lula da Silva formally agreed to begin work on the gas pipeline. The initial branch would run from eastern Venezuela to northeastern Brazil. The two governments have also agreed to build refineries with high output potentials.

Finally, an agreement was signed with Uruguay to increase the capacity of an oil refinery there.

*Petroandino* is the weakest of the three initiatives, largely because it involves countries that all pump and export oil, though not on the scale of Venezuela. A gas pipeline is being constructed to connect Caribbean ports in Venezuela and Colombia. In 2006, an agreement was being negotiated to refine Ecuadorian oil in Venezuela and return it to Ecuador in the form of by-products. The negotiations were derailed due to the political situation in Ecuador, but with the Correa government in place the agreement is now expected to advance.

In conclusion, Venezuela's strategy is to use energy resources to create a network of inter-relationships among governments of the region that strengthens regional integra-

tion. However, other governments are undertaking similar initiatives. For example, last year Mexico and Colombia promoted a Meso-America Energy Integration Program for Central American countries. While the logic is different than that employed in *Petrocaribe*, it is clearly in competition with it.

Venezuela is also seeking to diversify the markets for its oil. Currently, about 60 percent of Venezuela's oil exports are purchased by the United States, accounting for 10 to 12 percent of U.S. oil imports. Venezuela's desire to diversify markets away from the United States is seen by some as a threat to U.S. energy security. To the extent that Venezuela is seen through the lens of U.S. energy security, tensions will continue in bilateral relations.

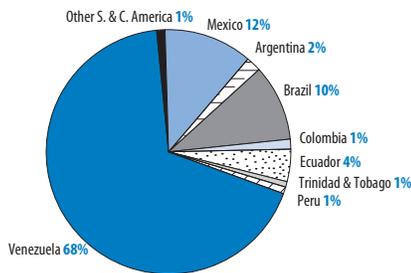
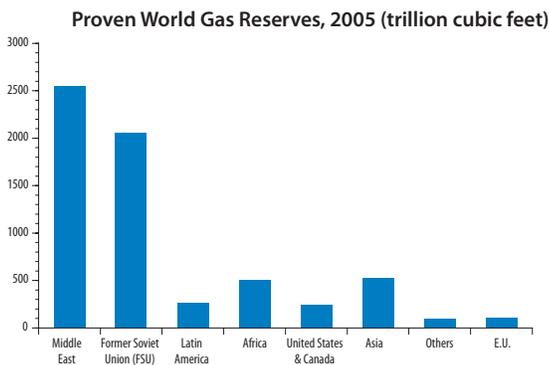
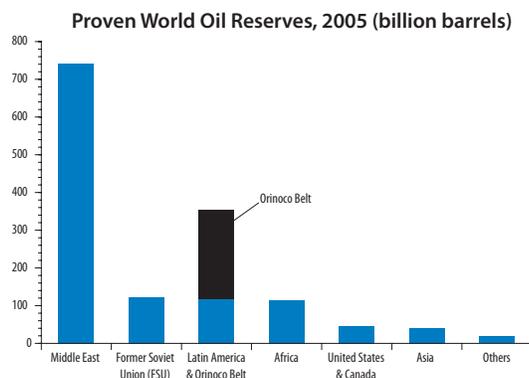
A very different perspective was presented by Carl

## Venezuela: The Hydrocarbon Powerhouse

After the Middle East, Latin America holds the largest petroleum reserves in the world.

Reserves are unevenly distributed, with Venezuela holding nearly 70% of the total Latin American hydrocarbon reserves.

If the extra heavy crude oil is included, Venezuela's oil reserves compete with Saudi Arabia's.



Sources: PFC Energy, BP and PDVSA

**Meacham**,<sup>13</sup> who spoke about how energy issues and U.S.-Venezuelan relations are viewed on Capitol Hill. According to Meacham, the bipartisan consensus in the U.S. Congress regarding Venezuela and energy is clear: Venezuela is an unreliable supplier of oil. Recent events contributing to this consensus include:

- ▶ The Venezuelan government's vow to strip some of the world's biggest oil companies of their controlling stakes in heavy oil projects in the Orinoco Belt by May 1, 2007;
- ▶ The impending nationalization of the oil sector; and
- ▶ Statements by Venezuela's Ministers of Oil and Foreign Affairs that the Venezuelan economy can do fine without the billion dollar purchases and investment of the United States.

President Chávez's efforts to implement an aggressive nationalization of the country's telecommunications and electricity sectors have further helped shape opinion in the U.S. Congress, as visits from troubled private U.S. investors have become the norm.

Meacham asserted that most in the U.S. Congress are puzzled by the fact that, rather than learning how nationalization has led to collapsed economies around the world, President Chávez intends to pursue the same failed policies. For Meacham, that failure is already evident today. A major problem in Venezuela is the lack of food on the shelves. Deliveries of beef, pork, poultry, meat, and sugar to grocery stores have largely stopped because the maximum prices stores can charge for them are below production costs. Farmers have simply stopped delivering animals to slaughterhouses. Food retailers that have sold goods above the maximum prices set by the government have been fined and shut down. As a result, the only way consumers can get meat and many other foods is to pay more for them on the black market. Instead of providing long term solutions to these and other structural problems in the Venezuelan

economy, President Chávez is using oil revenues to subsidize supporters and other countries.

In addition, Venezuelan oil production is declining. Though Venezuelan officials note that supply to the United States continues uninterrupted, many sources support the conclusion that Venezuelan crude oil production is falling. The country pumped about 3 million barrels of oil per day in 2001, but this year output is forecast to fall to 2.44 million barrels per day and is falling at an annual rate of about 100,000 barrels per day. OPEC and the International Energy Agency believe that the 2006 production figure was around 2.5 million barrels per day.

While there is no interest on Capitol Hill in discontinuing relations with Venezuela, this situation makes it hard for congressional offices. Meacham noted that he is always careful in talking about how domestic policies in other countries should be crafted; however, in the case of Venezuela, the money from oil could be invested in boosting declining oil production and in improving the productivity of the country's agricultural sector. These investments would pay long-term economic dividends and provide for long-term job creation.

From the perspective of the U.S. Congress, it looks like President Chávez's economic model threatens Venezuela's own immediate economic interests, as well as mid- and long-term U.S. energy interests. It has forced Members of Congress and U.S. government officials to pursue a broader policy to consolidate support in the region and to hasten energy diversification.



Ana María Sanjuán of the Central University of Venezuela and Carl Meacham of the U.S. Senate Foreign Relations Committee comment on energy and foreign policy. (Photo: WOLA)

Though Venezuelan officials note that oil supply to the United States continues uninterrupted, many sources support the conclusion that Venezuelan crude oil production is falling.

<sup>13</sup> Carl E. Meacham is the lead committee staffer on Latin America for Senator Richard Lugar (R-IN), ranking member of the Senate Foreign Relations Committee.



The CITGO sign overlooking Boston's Fenway Park is a reminder of the oil-based interdependence between Venezuela and the United States. (Photo: WOLA)

The Venezuelan foreign policy agenda is more radical on some points, but on the whole it shares key components of the foreign policy agendas of other governments in the region.

Recently, the U.S. Undersecretary of State for Political Affairs, Nicholas Burns, traveled to Brazil for a series of meetings with Brazilian officials in pursuit of a strategic partnership with that country to expand the use of ethanol and other bio-fuels throughout the hemisphere. Bio-fuel is any fuel that is derived from

biomass, or recently living organisms or their metabolic byproducts, such as manure from cows. Biodegradable outputs from industry, agriculture, forestry, and households can also be used to produce bio-energy. Bio-fuels can be found in every country in the region and, according to Meacham, can be a powerful catalyst for poor nations to produce their own energy and capitalize on trading partnerships to boost economic opportunity and political independence.

While applauding the U.S.-Brazil bio-fuels initiative, Meacham indicated that Latin America – where the richest 10 percent earn about half of the income, the poorest 10 percent earn only 2 percent of total income, and about 40 percent of the people live in poverty – will require substantial additional assistance to help the region's oil dependent and poor countries to benefit from the opportunities that the development of a bio-fuels market would provide.

The United States should work with Brazil, which has over thirty years of experience in this area, to accelerate the development of bio-fuels through the promotion, production, and funding of infrastructure development; research and training of personnel; and the deepening of cooperation on bio-fuel production.

The objective of this initiative, according to Meacham, is not primarily to reduce U.S. dependence on foreign oil sources, but rather to increase the capacity of countries in the region to act without being tied to other countries' political interests. Using oil politically is an irresponsible use of that resource,

a form of blackmail. Instead, promoting a bio-fuels partnership in the region could lead to political and economic development and create jobs and energy security, ultimately strengthening the independence of individual countries. In addition, working with Brazil and other countries on this issue could generate much needed goodwill among nations in the region. If implemented vigorously and expansively, this policy could signal the largest transformational change in the way the United States conducts policy towards the region.

The final speaker, **Ana María Sanjuán**,<sup>14</sup> took a broader perspective, trying to move away from a focus on Chávez himself and look at the country's foreign policy objectives and its impact. In Sanjuán's view, the perception of Chávez's influence in different countries and on the elections that took place in 2006 is an image that does not match reality. Moreover, what happened in 2006 was not a "red tide," but a "pink tide." The governments that have recently come into power in Latin America do not have radical agendas, with some exceptions, such as Venezuela.

Sanjuán then turned to the international and internal factors shaping Venezuela's foreign policy and how that policy sorts out friends and enemies. One clear factor is the regional context, where there is now a clear majority of countries seeking autonomy in international relations, greater independence from the United States, and more democratic or diversified international relations. Many governments in the region also seek to use regional integration as a strategic tool for national development, and national interests are viewed in terms of economic development. The levels of economic nationalism and state presence in the economy vary, as do ways of relating to the United States, ranging from open resistance as with Cuba and Venezuela, to close collaboration, in the case of Colombia. The Venezuelan foreign policy agenda is more radical on some points, but on the whole it shares key

<sup>14</sup> Ana María Sanjuán is the Director of the Center for Peace and Human Rights at the Central University of Venezuela and is also a consultant on security and foreign policy issues for various international agencies.

components of the foreign policy agendas of other governments in the region.

Another key factor is energy. As was stated earlier, when energy prices are higher, oil nationalism is more likely to emerge and the government will attempt to make geopolitical use of energy resources. This approach was also prevalent in the 1970s and 1980s, not only with the San José agreement, but also through Venezuela's involvement in promoting democracy and in efforts to resolve the Central American wars and other crises.

The domestic determining factors of Venezuela's foreign policy include both historic and economic factors. Throughout the 20<sup>th</sup> century, *Bolivarianismo* was characterized by the use of oil as a foreign policy instrument, the promotion of democracy, and presidential hyperactivity. Today, at this time of greater economic nationalism and more endogenous development, foreign policy is a fundamental tool for implementing the country's economic project.

Sanjuán referred to statements made in previous panels implying that Venezuela is a threat to international stability, and is increasingly isolated in the region. She disagreed on both of these points. Venezuela does not constitute a threat; rather, it is one of the few countries in Latin America that has regional integration mandated in its constitution, and uses energy resources for economic development. Comparing three of Venezuela's bilateral foreign policy agendas – with Cuba, Colombia, and the United States – is illustrative.

In the case of Cuba, a more ideological relationship prevails, but it is also a relationship of cooperation. The two countries just signed a \$2.6 billion economic cooperation project. Cuba has 26,000 citizens working in health care and other areas in Venezuela. Venezuela has equally close – and pragmatic – relations with Colombia. Trade with Colombia reached \$3.2 billion last year. The Colombian Foreign and Trade Ministers were just in Caracas to promote the Colombian-Venezuelan pipeline and a specific petition on the part of President Uribe for a bilateral trade

agreement. One very important point is that the Colombian Foreign Minister recently thanked the Venezuelan government for its efforts to promote a peaceful resolution to the Colombian conflict, offsetting assertions that Venezuela might be supporting guerilla groups in Colombia.

In the case of the United States, a confrontational relationship clearly exists on both sides. Nonetheless, over the last year Venezuela stepped up trade with the United States with the participation of both public and private sector actors. The Venezuelan state did not interfere in the relations that private Venezuelan actors have with U.S. companies and individuals. It also continued to make foreign debt payments.

Sanjuán then analyzed the impact of Venezuela's multi-polar foreign policy and whether or not it has served to democratize international relations. The answer to that question is more negative than positive, in her opinion. The personification of Venezuela's foreign policy in Chávez has given rise to perplexity and concerns in the region that prevent certain bilateral and multilateral relations from solidifying.

In the end, Venezuela's approach is to be "good friends with one's friends." Venezuela is the country that has the biggest balance of trade with all countries in the region, with significant increases in trade in particular with Argentina and Brazil. The balance of trade for Venezuela, however, is unfavorable, as the country has become more dependent on imports through these relationships. Nor did Venezuela prevail in its efforts to attain a temporary seat on the U.N. Security Council or to promote its preferred candidate for election as president of the Inter-American Development Bank.

In conclusion, Venezuela is neither a threat, nor is it isolated. It does not have serious problems or any sort of rupture with any country in the region, beyond a temporary cooling with Mexico. Yet Venezuela's foreign policy has serious limitations in terms of the country's fundamental development objectives.

Consequential opposition to Chávez in Venezuela is likely to come from within his movement and not from the traditional political opposition; those to watch are the dissidents within *Chavismo*.

The challenge for Chávez and for other governments in Latin America that face serious problems of citizen security is to provide an effective state response to crime and violence, while not resorting to the traditional *mano dura* approach.

A recurring theme in the **discussion** in the final panel of the day was the question of whether or not Venezuela is a reliable oil partner with the United States, and, indeed whether it should be. Debate continued on market diversification and interdependence between the two countries. The question was also posed that, if Venezuela's foreign policy is not a threat to the region, perhaps Chávez himself is a threat.

Roger Tissot reiterated that Venezuela has always maintained its oil supply to the United States, except for a brief period during the opposition-led strike. He pointed out the tradeoff between maximizing production and maintaining the price needed to guarantee a healthy profit; Venezuela needs to evaluate and balance those two factors. It is in Venezuela's interest to seek to maximize profit; Washington should understand this and not view it as a threat. With regard to the interdependence between Venezuela and the United States, he asserted that the United States could inflict serious harm on Venezuela if it chose to do so by discontinuing purchases of its oil – Venezuela is very vulnerable. In the end, it is not in the best interests of either government to become independent of the other. Rather, both should seek to understand each other's policy objectives.

Luis Lander reiterated that, with the high price of oil, Venezuela has the luxury of using the proceeds to finance social spending and diplomacy. While recognizing that market diversification takes time, Venezuela is investing in refineries both within Venezuela and outside of the country that will allow for the refining of heavy crude oil. Over time, this will permit real market diversification.

Expanding upon his earlier comments, Carl Meacham stated that Washington is just asking for Venezuela to abide by its existing contracts. Every country has the right to pursue nationalizations if it chooses to do so, but the U.S. interest is in making sure that any

company targeted is compensated adequately. Ultimately, it is Venezuela's choice whether it wishes to deal with the United States or not.

Ana María Sanjuán reiterated that there is a clear co-existence between the two countries and Venezuela is abiding by the basic rules of engagement: trade continues, loans are being paid, and oil is being delivered. Moreover, Venezuela provided assistance in the aftermath of hurricane Katrina and provides subsidized oil to the poor in the United States. Sanjuán also took issue with a tendency to confuse Venezuelan policies and Chávez's personality. Chávez's behavior on the international scene may be bad or inappropriate, but there are political structures and policies that go beyond one person. Regarding nationalizations, she pointed out that there are many state companies across Latin America, particularly in the oil sector, that work quite efficiently, just as there are many private companies that do not function well.

The panel ended with a final comment by Sanjuán. A recent World Bank report predicts that in 2007, Latin America will have the lowest growth rate in the world. This poses a major challenge to all countries in the region, as no clear alternative model to the Washington Consensus exists. The challenge for Venezuela and other countries is to achieve economic growth that allows for significant decreases in poverty and inequality.

The conference concluded with brief comments by the three panel chairs. **Cynthia McClintock**<sup>15</sup> began by highlighting the points of consensus by the speakers on the first panel, on political conflict and democracy in Venezuela:

- ▶ The representative democracy of the *Punto Fijo* period was deeply flawed and most Venezuelans felt estranged from it;
- ▶ The 2006 elections were a milestone – both in the sense of inclusion felt by the bulk of the population and the suc-

<sup>15</sup> Cynthia McClintock is Columbian College Distinguished Professor of Political Science and International Affairs at the George Washington University.

cessful efforts to build confidence in the electoral system – and greatly enhanced Chávez’s legitimacy;

- ▶ The traditional political opposition took important steps forward by participating in those elections and accepting its minority status; and
- ▶ Since those elections, a dramatic concentration of power has occurred, particularly in the office of the president.

McClintock then pointed out one area of discussion among the panelists: how vulnerable the president is as he continues to consolidate power. While Shifter compared Chávez to Pinochet and Fujimori, indicating that the Venezuelan president’s longevity should not be underestimated, other panelists emphasized the inherent constraints – including inefficiency, over-reach, and blame – or a potential drop in oil prices. They believe that the consequential opposition to Chávez is likely to come from within his movement and not from the traditional political opposition; those to watch are the dissidents within *Chavismo*.

McClintock also underscored McCoy’s assertion that Chávez came into office without a clear ideology and has largely improvised. McClintock noted that, for a U.S. audience, it is particularly important to note the differences between Venezuela today and Cuba even a year after the revolution. Venezuela’s reliance on elections and call for international observers stands in stark contrast to Cuba. Moreover, Venezuela has a much larger middle class compared to Cuba in 1959, is more economically developed, and is connected to the global economy. These are structural constraints on the Chávez government that were not discussed on the panel, but are worth taking into account.

Reviewing the second panel, **Geoff Thale**<sup>16</sup> highlighted three major themes. The first is social spending and the role of the state in addressing poverty and unemployment issues, and in particular the role of the

*misiones*. Two panelists argued strongly that the state, both through the work of the ministries and the *misiones*, has indeed made significant progress in addressing poverty and unemployment. Buxton argued that the *misiones* represent an integrated package that draws on best practices as understood in mainstream development theories. From that a discussion developed on the need for serious, depoliticized research to evaluate fully the impact of government programs to date. Strong arguments were put forward that the implementation of policies across the country has been heterogeneous and needs to be studied at the local level. Finally, panelists argued that such research needs to take into account the views of the *barrio*, or those targeted for such assistance.

The second and related theme was Chávez’s programs and the definition of 21<sup>st</sup> Century Socialism, and in particular the notion of participatory democracy as it is developing in Venezuela today. What forms are mechanisms for popular participation taking? What does participatory democracy mean in relation to more traditional forms of representative democracy? Most provocatively, can participatory and representative democracy develop and co-exist together?

The third theme encompassed an important set of traditional human rights concerns and the institutionalization of democracy. Issues raised included the weakness of the judiciary and police forces and the continued problem of impunity. Thale observed that the complex and related problems of crime, violence, and citizen security deserved more time for discussion. The challenge for Chávez and for other governments in Latin America that face serious problems of citizen security is to provide an effective state response to crime and violence, while not resorting to the traditional *mano dura* approach.

**William LeoGrande**<sup>17</sup> summed up the debate on the third panel, noting that one of the key points that emerged is that Venezuela would like to diversify markets so as to

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<sup>16</sup> Geoff Thale is Program Director and Senior Associate for Central America and Cuba at the Washington Office on Latin America.

<sup>17</sup> William M. LeoGrande is Dean of the School of Public Affairs and Professor of Government at American University.

Across the globe and in Venezuela in particular, people are wrestling with fundamental questions about how to organize themselves politically, the proper melding of models of government, the role of the state, and the meaning of democracy. We in the United States need to engage with that conversation.

reduce its dependence on the United States, while the United States wants to diversify its suppliers so as to reduce its dependence on Venezuela. While this would probably be in the best interests of both countries, reducing the level of interdependence would also eliminate one of the most important barriers to a further deterioration in bilateral relations.

Another interesting point that probably merited more discussion was the role of China in Latin America and specifically in helping Venezuela to develop its petroleum industry, which is very worrisome for U.S. policymakers. Since the Monroe Doctrine, Washington has sought to keep other big powers from gaining influence in the region. This has manifested itself politically as concern with Latin American countries that develop relations with other governments as a counterweight to the United States. Many in U.S. policymaking circles see China's growing influence as a threat to U.S. interests; it diminishes U.S. hegemony and provides a point of conflict in U.S.-Venezuelan relations. Similarly, because the bilateral relationship is confrontational, Washington sees Venezuela's activism within OPEC – which is not new – as directed against the United States, although it is completely rational from the Venezuelan point of view. Finally, Venezuela's use of its petro-dollars to advance its interests in the region is viewed with suspicion by Washington, despite the fact that this is common practice for the United States. LeoGrande concurred with the panelists who argued that Chávez should not be seen as a threat to the United States.

While agreeing with McClintock's points on the domestic differences between Venezuela and Cuba, LeoGrande highlighted the

similarities in their relations with the United States. Chávez is confronting Washington with very incendiary rhetoric, as did Castro in 1959. In both countries, the message of defiance – “we will not take orders from you anymore” – is directed in part at a domestic audience, in part at the rest of the region, and in part at Washington. Venezuela is challenging the organized economy and society in the hemisphere, just as Cuba in the early 1960s presented an alternative to the failed neo-liberal economic policies of the 1950s. Today, Chávez has picked up Cuba's banner and is leading the challenge to U.S. economic and political hegemony in the hemisphere, and that is why the United States is so hostile to him.

Conference organizer **John Walsh**<sup>18</sup> concluded the day by pointing out that Venezuela and the United States have had a long relationship, based mostly on oil, but there has typically been little curiosity in the United States about what actually happens in Venezuela. But when tensions flare, the lack of curiosity gives way to certainty: “We don't know much, but we're certain about what is going on.” The conference demonstrated that there is much that those in both the United States and in Venezuela do not know about one another. There are many issues that need to be explored together so that neither country's citizens fall prey to exaggerations or oversimplifications.

The conference also underscored the fact that history has *not* ended. Across the globe and in Venezuela in particular, people are wrestling with fundamental questions about how to organize themselves politically, the proper melding of models of government, the role of the state, and the meaning of democracy. We in the United States need to engage with that conversation.

<sup>18</sup> John M. Walsh is Senior Associate for the Andes and Drug Policy at the Washington Office on Latin America.

# CONFERENCE PARTICIPANTS

## Panel I: Political Conflict and Democracy

### CHAIR AND MODERATOR:

**Cynthia McClintock** is Columbian College Distinguished Professor of Political Science and International Affairs at George Washington University. Dr. McClintock has authored, co-authored, and edited numerous books on Latin America, including *The United States and Peru: Cooperation – At a Cost* (2003); *Revolutionary Movements in Latin America: El Salvador's FMLN and Peru's Shining Path* (1998); *Peasant Cooperatives and Political Change in Peru* (1981); and *The Peruvian Experiment Reconsidered* (1983). From 1994 to 1995, Dr. McClintock was President of the Latin American Studies Association, an international scholarly association of more than 5,000 members. She has testified before the Subcommittee on Western Hemisphere Affairs of the U.S. House of Representatives, and appeared on numerous television and radio programs to discuss Latin American politics.

### PANELISTS:

**Michael Shifter** is Vice President for Policy at the Inter-American Dialogue. Since 1993, Mr. Shifter has been adjunct professor at Georgetown University's School of Foreign Service, where he teaches Latin American politics. Mr. Shifter's recent articles on U.S.-Latin American relations have appeared in major U.S. and Latin American publications such as the *New York Times*, *Washington Post*, *Financial Times*, *Los Angeles Times*, *Foreign Affairs*, *Foreign Policy*, *Journal of Democracy*, *Harvard International Review*, *Clarín*, *O Estado de S. Paulo*, and *Cambio*. Since 1996, he has frequently testified before Congress about U.S. policy towards Latin America. Prior to joining the Inter-American Dialogue, Mr. Shifter directed the Latin American and Caribbean program at the National Endowment for Democracy, and before that, the Ford Foundation's governance and human rights program in the Andean region and Southern Cone.

**Margarita López Maya** is Distinguished Professor of the Center for Development Studies at the Central University of Venezuela (UCV). From 1999 to 2004, she was the Director of the Venezuelan Magazine of Economy and Social Science. Dr. López Maya has received various academic prizes, published several books, and authored numerous book chapters and more than 60 academic articles in Venezuela

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**Jennifer McCoy** is Director of the Carter Center's Americas Program and Professor of Political Science at Georgia State University in Atlanta. She currently directs the Carter Center's Friends of the Inter-American Democratic Charter group, and previously directed The Carter Center's project on Mediation and Monitoring in Venezuela (2002-2004). She has directed election monitoring projects for The Carter Center in Nicaragua, Panama, Mexico, Venezuela, Jamaica and Peru. Dr. McCoy's academic career has included extensive fieldwork in Venezuela, Nicaragua, and Uruguay, where she conducted research as a Fulbright fellow (1991-1992). A specialist on democratization, international collective protection and promotion of democracy, and Latin American politics, she is editor and contributor to *The Unraveling of Representative Democracy in Venezuela* (with David Myers, 2004); *Do Politicians Learn from Political Crises?* (2000); and *Venezuelan Democracy Under Stress* (1995).

**Francisco José Virtuoso Arrieta** is Director of the Gumilla Foundation (Jesuit Center for Research and Social Action of Venezuela) and the Social Coordinator for the Jesuits in Venezuela. A Venezuelan Jesuit priest, with a bachelor's degree in Political Science and a doctorate in History, Father Virtuoso has extensive experience with socio-political analysis in Venezuela and is a collaborator on local development with many community organizations. Father Virtuoso was a founding member of and continues to be involved with the board of directors of the civil association *Ojo Electoral*, or Electoral Eye. He teaches at the Andrés Bello Catholic University and the Theological Institute for Monks. He is also a regular columnist for *SIC Magazine* and has collaborated on and published numerous articles of political and social analysis in Venezuela.

## Panel II: Institutions and Public Policies

### CHAIR AND MODERATOR:

**Geoff Thale** is Program Director and Senior Associate for the Central American Youth Gangs Program and the Cuba Program at the Washington Office on Latin America (WOLA). As Program Director, Mr. Thale oversees WOLA's country-specific and thematic program work. He has followed Central America issues since the mid-1980s and U.S.-Cuba policy since the mid-1990s. An author of numerous WOLA publications, his current work on 'intermestic' issues of gang violence in Central America and the United States resulted most recently in the publication of *Youth Gangs in Central America: Issues in Human Rights, Effective Policing, and Prevention* (2007). He has spoken widely on U.S. policy and human rights in Latin America. Before joining WOLA, he was the founder and Executive Director of the El Salvador Policy Project in Washington, DC (1988-1995). He holds a Masters degree in Industrial Relations from the University of Wisconsin.

### PANELISTS:

**Julia Buxton** is Visiting Professor in the Center for Latin American Studies of Georgetown University and Senior Research Fellow in the Department of Peace Studies, University of Bradford, UK. She has written extensively on Venezuela and has been engaged by a number of private and public sector organizations as a consultant on Venezuela-related issues. Dr. Buxton's most recent publication, *The Political Economy of Narcotics: Production, Consumption and Global Markets* (2006), builds on her current research interest in post-conflict country contexts, specifically the reintegration of ex-combatants and the transformation of war economies.

**Carlos M. Ayala** is President of the Andean Commission of Jurists, the former president of the Inter-American Commission on Human Rights (IACHR), and a former interpreter of rights for the Pueblo Indians of the Americas through the IACHR. He is a professor of Constitutional and Human Rights at the Andrés Bello Catholic University and the Central University of Venezuela, and has taught at Georgetown University (1998), American University College of Law (1999),

and Ibero-Americana University in Mexico (2004). He was appointed by the UN High Commissioner of Human Rights as a member of the International Supervising Commission for the process of selecting and naming the Supreme Court of Justice of Ecuador (2005). Mr. Ayala serves as a lawyer and defender of human rights and as an advisor on human rights in several international organizations, including UNESCO.

**Daniel Hellinger** is a Professor of Political Science at Webster University in St. Louis, Missouri. He holds a Ph.D. from Rutgers University and has published numerous scholarly articles on Latin American politics. He is co-editor of and contributor to *Venezuelan Politics in the Chávez Era* (2003), author of *Venezuela: Tarnished Democracy* (1991) and *The Democratic Facade* (with Dennis Judd, 1994), and will soon publish a textbook, *Democracy at Last*, on Latin American politics. Dr. Hellinger's present research includes comparative analysis of natural resource policies in Chile and Venezuela. He has been a visiting professor at St. Antony's College, Oxford, UK, and the Central University of Venezuela, and held two Fulbright lectureships at the Universidad Católica in Valparaíso, Chile. He is currently President of the Venezuela Studies Section of the Latin American Studies Association.

**Antonio José González Plessmann** is Diagnostic Coordinator of the National Commission for Police Reform, by appointment of the Minister of the Interior and Justice. In 2006 he served as Director of Research and Technical Assistance of the Founding School of Social Management. For 11 years prior to this, he held various positions in the Venezuelan Program for Education and Action on Human Rights (PROVEA), including Research Coordinator. He is currently an associate member of PROVEA and of the Support Network for Justice and Peace. His publications include *El Derecho a la Vida: Marco Teórico - Metodológico Básico* (2005) and *Las Estrategias de la Impunidad: Nueve años de lucha por la justicia en El Amparo* (1997). He has also collaborated on many texts and articles for social science and political magazines and for the national Venezuelan press.

## Panel III: Energy and Foreign Policy

### CHAIR AND MODERATOR:

**William M. LeoGrande** is Dean of the School of Public Affairs and Professor of Government at American University, where he has been on the faculty since 1978. In 1982-1983,

Dr. LeoGrande was an International Affairs Fellow of the Council on Foreign Relations and worked with the Democratic Policy Committee of the U.S. Senate. In 1985-1986, he served on the staff of the Democratic Caucus Task Force

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#### **PANELISTS:**

**Roger Tissot** is Director of PFC Energy's Country Strategies practice, where he is responsible for conducting political, economic, and energy policy analysis on Latin America. Prior to this, he worked at EnCana Corporation, where he developed political risk analysis tools, and analyzed and implemented risk mitigation strategies for corporate projects in Latin America and Africa. He has also worked with a number of Canadian-based energy companies on political, economic, and market risk issues in Latin America, and coordinated the energy component of a Cooperation Program between Canada and Colombia. He began his career as an energy economist at the Canadian Energy Research Institute (CERI), where he co-authored studies on the "Latin American Petroleum Industry" and "South American Natural Gas Market." Mr. Tissot holds an M.A. in Economics from the University of Laval (Quebec) and an M.B.A. from the University of Calgary.

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*rumbos en la política petrolera venezolana?* (2003); *La insurrección de los gerentes: Pdvsa y el gobierno de Chávez* (2004); and *Insurrección de la tecnocracia petrolera en Venezuela* (2006). His political writings include *Elecciones de 2000 en Venezuela: Implantación de una nueva hegemonía* (2001); *Referendo revocatorio y elecciones regionales en Venezuela: Geografía electoral de la polarización* (2005); and *Novedades y continuidades de la protesta popular en Venezuela* (2006).

**Carl E. Meacham** is Senator Richard Lugar's (R-Indiana) lead Committee staffer on Latin America. He joined Senator Lugar's Foreign Relations Committee staff in 2003, after working in the Senate since 2000. Prior to that, he was Special Assistant for the Deputy Secretary of Commerce. Mr. Meacham holds an M.P.A. from Columbia University's School of International and Public Affairs (1999) and an M.A. in International Development from American University's School of International Service (1997). He is currently a team member for the Council on Foreign Relations. His professional publications include numerous reports to the Senate Committee on Foreign Relations such as: "Plan Colombia: Elements for Success" (2005); "Giving Voice to the People" (2006); "Embassies as Command Posts in the Anti-Terror Campaign" (2006); and "Haitian Elections: Setting the Foundation for Democracy" (2006).

**Ana María Sanjuán** is the Director of the Center for Peace and Human Rights at the Central University of Venezuela. Dr. Sanjuán has written widely and spoken at numerous conferences in Venezuela and internationally on Venezuelan politics and international relations. She currently serves as a consultant on topics of security, democracy, and foreign policy for the Andean Development Corporation (CAF), the United Nations Development Programme (UNDP), the Organization of American States (OAS), and the Inter-American Development Bank (IDB).

## **Concluding Remarks**

#### **CONFERENCE ORGANIZER:**

**John M. Walsh** is Senior Associate for the Andes and Drug Policy at the Washington Office on Latin America (WOLA). Previously, Mr. Walsh served as Director of Research at Drug Strategies, a policy research group that builds support for more pragmatic and effective approaches to U.S. drug problems (1995-2003). From 1993 to 1995, he worked on the

"Rethinking Bretton Woods Project" at the Center of Concern, an effort to forge consensus on ideas for reform of the World Bank, International Monetary Fund, and international trade arrangements. Mr. Walsh has testified before the U.S. Congress on issues of human rights and democracy in Venezuela. He holds an M.A. in Public Policy from the Johns Hopkins University Institute for Policy Studies.

### About WOLA

The Washington Office on Latin America (WOLA) is a nonprofit policy, research, and advocacy organization working to advance democracy, human rights, and social justice in Latin America and the Caribbean. Founded in 1974, WOLA plays a leading role in Washington policy debates about Latin America. WOLA facilitates dialogue between governmental and non-governmental actors, monitors the impact of policies and programs of governments and international organizations, and promotes alternatives through reporting, education, training, and advocacy.

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