

# THE 3 VENEZUELA'S

**Nicolás Maduro's** reelection was generally expected, though his 68% of the vote was higher than what most polls predicted. Similarly, the 54% abstention among registered voters came due to the opposition's **Democratic Unity Roundtable (MUD)** call for an electoral boycott. According to Maduro, the decision was a response to pressure from Washington. The Trump administration's characterization of the Maduro government as a tyrannical dictatorship and a veritable narco-state undoubtedly also influenced the **MUD's** call for an electoral boycott, even after **Acción Democrática (AD)** Secretary General Henry Ramos Allup had announced his presidential candidacy in January.

Behind the conflict among the anti-Chavistas, there is a glaring fact: Venezuela is divided into three, not two, camps—the radical opposition, the **Chavistas**, and a middle ground lacking in well-organized leadership. This middle ground—a sizeable percentage of the population opposed to Maduro—firmly rejects the type of street protests (the *guarimba*) carried out in 2014 and 2017 by the hard opposition that resulted in widespread disruption and violence. These Venezuelans are equally opposed to the U.S. economic sanctions imposed on the nation with the encouragement of the radical opposition. According to the polling firm Hinterlaces, 71% of the population disagrees with international sanctions to oust Maduro from office. The middle ground opposition, which is especially well-defined in their disapproval of violence, is the defeated Venezuelan presidential candidate **Henri Falcón**.

The refusal by Falcón and the other main presidential candidate, evangelist **Javier Bertucci**, to recognize the electoral results on May 20 was far from inevitable. bodes poorly for Maduro's new term as president. The consolidation of a moderate bloc within the opposition that Falcón represented—that recognizes the government's legitimacy—would have significantly cut into the strength of the more intransigent or radical parties on the Right and provided Venezuelan politics with much needed stability.

A concurrent event however appeared to signal a major break-off from the opposition bloc, which over the previous two decades has for the most part denied the legitimacy of both the Hugo Chávez and Maduro governments. Four of the opposition's five elected governors, all belonging to AD, disobeyed party orders by agreeing to take their oath as elected officials in front of the Chavista-dominated **National Constituent Assembly**.

Maduro needs political capital and a degree of support from outside the Chavista movement to tackle such pressing problems as four-digit annual inflation, efforts to combat corruption in the country, an appalling deterioration in the standard of living of both popular and middle sectors, and oil industry mismanagement resulting in a decline in production. Venezuela must bring the nation's officially set prices, including foreign exchange rates, within closer reach of production costs and market prices. Products and services such as gasoline, cooking gas, and Caracas' metro are virtually free with rates charged by the state telephone company **CANTV** not far behind.

Contributing to the volatility is the hostile position assumed by Washington as well as Venezuela's Latin American neighbors and the European Union. In August 2017, the Trump administration prohibited the purchase of Venezuelan state bonds and the Venezuelan-owned, U.S.-based **CITGO** petroleum corporation's remittance of profits, and then banned transactions involving Venezuela's new cryptocurrency, the **Petro**.

In this moment, Maduro's priority is to minimize the effects of both the sanctions and the violent resistance to his government so he can enact necessary economic reforms. The day after the elections, Trump, as expected, issued an executive order tightening the financial sanctions, but the real source of alarm is the possibility of an oil embargo currently under study by the State and Treasury Departments and the National Security Council. Also on May 21, street disturbances against the elections broke out in various cities, signaling the possibility of a reenactment of the *guarimba* at the national level at a time when Venezuela is even more isolated than a year ago.

Equally or more important than the sanctions per se is the message that the executive orders issued by Obama and Trump sends to private capital. No U.S. company can ignore the seriousness of a statement by its nation's president that a foreign government represents an "extraordinary threat to national security," in Obama's words, or that it is involved in drug trafficking and money laundering.

These statements have undoubtedly contributed to the disinvestment that has wreaked such havoc on the Venezuelan economy.

In a similar vein, Miami's *El Nuevo Herald* revealed that National Assembly president and leader of the radical opposition **Julio Borges** systematically contacted banks throughout the world in order to enhance the effectiveness of the U.S.-imposed sanctions. Borges warned financial institutions that "doing business with a dictatorship that violates human rights" would convert them into "accomplices" and would endanger their "image."



One of the multiple effects of Washington's campaign against the Venezuelan government is the corporate exodus of recent years, which includes **Clorox, Kimberly-Clark, Ford, Colgate Palmolive, General Mills, and General Motors**. Although the companies blamed the Maduro administration for their decision, political and economic motives in situations like these are always mixed and difficult, if not impossible, to untangle. Chavistas view the exodus as an expression of the "economic war." When **Kellogg's** shut down operations on the eve of the May 20 elections, Maduro remarked that company executives "believe people are going to get scared" and thus refrain from voting for him.

Maduro's call for a national dialogue on May 22 is nothing new. In fact, the proposal dates back to the months of the *guarimba* protests in 2014. But the emergence of a new, more moderate reference point within the opposition camp as a result of the Falcón candidacy enhances the plan's chances of success. Indeed, **Enrique Ochoa Antich**, a leading Falcón supporter, indicated willingness among those who participated in the campaign to take part in the dialogue proposed by Maduro. Throughout the campaign Falcón performed a balancing act between demonstrating to the opposition that he was not soft on the government and trying to attract discontented Chavistas. The future of his movement is very much up in the air.

The neoliberal formulas put forward by Falcón including mass privatization, agreements with the IMF and the dollarization of the economy are not common denominators for the Chavista government to build on. But there is one key issue that can bring the two sides together. If Maduro attempts to link the nation's price structure to market conditions in order to combat rampant inflation, he will need political support and such an effort would be perfectly compatible with Falcón's economic positions. Making such a compromise in **Nicaragua** however has cost the President, Ortega, dearly.

Following the May 20 elections, various opposition spokespeople called for unity among the anti-Chavistas. Achieving such unity, however, will not be easy, given the profundity of the differences separating those who called for an electoral boycott and those favoring participation. A look at the differences sheds light not only on the chasm between opposition "moderates" and radicals, but also the different ways ordinary Venezuelans view key political issues. The contrast between the two camps also suggests the feasibility of an understanding or convergence involving the Chavistas in power and the opposition moderates, at least on certain issues.

The radical opposition, the Trump administration and much of the corporate media label the Venezuelan electoral process "fraudulent," which refers to manipulation in the counting of votes. Over the years, the opposition has used the term loosely. Nevertheless, the nation's voting system is based on simultaneous manual and electronic procedures as well as auditing in

over 50% of the voting centers. Furthermore, on May 20, as in past elections, opposition representatives at all voting centers signed documents validating the process. Falcón's supporters, fearful that the use of the term "fraud" would discourage voting, limited their concerns to irregularities and the lack of a level playing field.

The secrecy of the voting process was never seriously questioned; Falcón's objections on May 20 were not focused on the **National Electoral Council (CNE)** adding false votes for Maduro, but rather voter manipulation. Falcón and others claimed that assisted voting conducted for the elderly lent itself to dishonest practices, and that some Chavista stands, known as "puntos rojos," were located within the 200-meter parameter of voting centers, violating electoral norms. The one accusation that may have significantly influenced results was the effort to sway people by promising them a bonus if they went to the polls.

The radical opposition openly calls for the purging of the state apparatus in order to eradicate corruption at all levels. In contrast, Falcón's strategy was clearly designed to win over discontented Chavistas. Falcón pledged he would decree a moratorium on layoffs in the public administration while his party indicated that, if elected, he would consider retaining Maduro's Defense Minister **Vladimir Padrino López**, a Chavista stalwart, in his post.

The radical opposition's decision to boycott the elections reflects its skepticism about the feasibility of achieving objectives, including neoliberal structural reforms, through electoral means. In early 2016 when a campaign was underway to collect signatures for a presidential recall, the radical **Voluntad Popular (VP)** party, led by jailed **Leopoldo López**, advocated for a constitutional assembly to rewrite the country's constitution. **VP** leaders argued that removing the president and electing a new one alone would not ensure the achievement of the changes the nation needed.

Underlying the **MUD's** hardline position on elections was the strategy for the complete undoing of the changes implemented by Chávez and their replacement with neoliberalism, shock-treatment style. The measures proposed to privatize strategic sectors of the economy, which the current constitution, ratified in 1999, prohibits. This approach, which implied a major shakeup possibly through forceful means, contrasted with Falcón's, which emphasized peaceful change and was concerned an electoral boycott would lead to violence.

Falcón and his supporters questioned, albeit timidly, the **MUD's** emphasis on foreign support for their cause and adamantly ruled out foreign military intervention, while insinuating that those boycotting the elections were leaving such an option open. In the words of social-Christian **COPEI's** historic leader **Eduardo Fernández**, "we welcome the solidarity of the international community but... in the end the solution to Venezuela's problems must come from us." His son, national **COPEI** leader **Pedro Pablo Fernández**, stated after last week's elections, "We condemn the [foreign] restrictions on our economy because all of us Venezuelans suffer as a result." The only important parties in the opposition camp that ended up participating on May 20 were the **COPEI** and the **Movimiento al Socialismo (MAS)**, both of which backed Falcón.

Radical opposition leaders flatly deny that the economic sanctions are at all related to Venezuela's economic difficulties, which they attribute exclusively to Maduro's mistaken policies and corruption. Others recognize that the sanctions complicate matters for the Venezuelan government but claim they have had "limited" effect. Government errors and politically motivated economic disruption, however, are not mutually exclusive. There is much evidence to debunk the radical opposition's claim that the impacts of the sanctions and the "economic war" in general are negligible. In an article in *Foreign Policy*, Falcón's chief economic advisor, **Francisco Rodríguez** argues that the sanctions have inflicted considerable harm on the Venezuelan economy. He points out that Venezuelan companies such as **CITGO** have been unable "to get U.S. financial institutions to issue routine trade credit since sanctions were imposed" and that the measures risk "turning the country's current humanitarian crisis into a full-blown humanitarian catastrophe."

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