Venezuela in Crisis:
Economic and Political Conflict Drivers
In the Post-Chávez Era

Authored by Dr. Andrés Serbin
in collaboration with:

GPPAC Alert

Coordinadora Regional de Investigaciones Económicas y Sociales
Executive Summary

This document outlines the political and economic drivers which have contributed to the current conflict dynamics in Venezuela. It was prepared between October 2013 and mid-February 2014, and as such it focuses mainly on the drivers and triggers that led to the crisis.

In spite of significant social advances achieved under Chávez’ social policies, contemporary Venezuela is marked by profound political, economic and social polarization. The economic policies of the past decade, with the introduction of currency exchange controls, nationalization, and the declining productivity have led to a steady deterioration of the economy, in spite of high oil prices that generate fiscal revenues. The weak administration as seen in the reduction of Central Bank reserves and an accumulation of foreign debt, have led to severe inflation and shortage of goods, contributing to heightened political and social tensions. The situation has been exacerbated by a political stalemate and ideological differences within the ruling party, the United Socialist Party of Venezuela (PSUV) on how to address the economic crisis.

Meanwhile, the Venezuelan Government’s increased control over democratic institutions and its aggressive campaign against the opposition has seen the deterioration of democracy, where notably the opposition has no recourse to the institutions established by the rule of law, generating an environment of government impunity in both the economic and the political spheres. The clampdown on objective media reporting on situations not favorable to the narrative or image of the Government has contributed further to the lack of transparency and monitoring of government decisions and policies. Finally, Chávez’ reorganization of the military has brought their increased involvement in civil matters and contributed to the militarization of Venezuelan society.

The shortage and scarcity of goods, widespread insecurity and allegations of corruption among the high ranks of the Government and military, coupled with human rights violations and the repression of anti-government protests and political opponents have contributed to the current explosive climate. As a result, there is a growing disaffection and sense of impotence among key sections of the population. Whilst the opposition has formed a coalition at the political level, it has not been able to maintain a united front for a viable political alternative. In the situation that has unfolded in recent weeks, there are signs of an increasing tendency to turn to violence on several sides, and a militarized response to the unrest.

Recommendations

This report calls for a human security approach to inform the way out of the crisis. Until the fundamental grievances and political stalemate related to Venezuela’s economic crisis have been unpacked in a dialogue setting, the conflict dynamics will remain. This will require a political solution and consensus with regards to economic and financial policies, and a multi-stakeholder engagement enabling confidence and institution building within Venezuelan society.

At the international level, external actors should exercise restraint and caution in how they respond to the crisis, and refrain from openly taking sides. Any intervention should focus on quiet diplomacy and behind-the-scenes preparation for dialogue amongst the opposing parties. Whilst the international community should pay attention to and continue condemning any human rights abuses and violence within the framework of international law, it should refrain from imposing political or financial embargos which would only increase the militancy and legitimise the Venezuelan governments’ current stance.

At the regional level, leaders from the neighbouring countries should focus on the provision of a safe space for dialogue involving the main opposing sides. Provided that a balanced representation of regional leadership can be achieved, a new Group of Friends could be formed. Starting with representatives of the Government and the opposition, the participation in the dialogue could be broadened with time. The dialogue agenda should be identified by the two main parties, aiming for a constructive exchange on moving Venezuela out of the crisis, notably through revised economic and security policies. The Group of Friends should also address the need for regional dialogue amongst the equally polarized regional organizations and their member states.

At the national level, a neutral player such as a United Nations body should take the lead in preparing a long-term national dialogue process. There is an urgent need for confidence building across Venezuelan society. Actors that could support such a process could include the United Nations Development Programme (UNDP), the Catholic Church, a neutral non-governmental entity from the region, as well as local civil society organizations positioned at both ends of the political spectrum. The point of departure for talks and dialogue processes should be the de-escalation of the violence, and the human security needs of the different sections of Venezuela’s population.
Venezuela

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List of Acronyms

AD  Acción Democrática - Democratic Action
ALBA Alianza Bolivariana de los Pueblos de Nuestra América - Bolivarian Alliance for the Peoples of Our America (aka. Peoples’ Trade Treaty)
CARICOM Caribbean Community and Common Market
CELAC Comunidad de Estados Latinoamericanos y Caribeños - Community of Latin American and Caribbean States
CESPPA Centro Estratégico de Seguridad y Protección de la Patria - The Strategic Center for Homeland Security and Protection
CNE Consejo Nacional Electoral – National Election Council
COPEI Comité de Organización Política Electoral Independiente – Christian Democratic Party
CSO Civil Society Organization
DEA Drug Enforcement Agency (of the United States)
ECLAC Comisión Económica para América Latina (CEPAL) - Economic Commission for Latin America and the Caribbean
FANB Fuerzas Armadas Nacionales Bolivarianas – National Bolivarian Armed Forces
FARC Fuerzas Armadas Revolucionarias de Colombia - Revolutionary Armed Forces of Colombia
IACHR Inter-American Commission on Human Rights
LOFAN Ley Orgánica de las Fuerzas Armadas Nacionales - Armed Forces’ Organic Law
MUD Mesa de Unidad Democrática - Roundtable of Democratic Unity (opposition coalition)
OAS Organization of American States
PDV Petróleos de Venezuela – Petroleum of Venezuela (Venezuelan state-owned oil and natural gas company)
PSUV Partido Socialista Unificado de Venezuela - The United Socialist Party of Venezuela
UNASUR Unión de Naciones Suramericanas - Union of South American Nations
UNDP United Nation Development Programme
I. Introduction

As the country marked the one-year anniversary of the death of Hugo Chávez on 5th March 2014, Venezuela found itself in the midst of widespread political violence following weeks of protests, anti-government demonstrations and retaliations. Since early February, the latest wave of unrest started with a number of student gatherings protesting against the Government's mismanagement of the economy and insecurity. The scale and intensity of the protests grew as a number of students were arrested, leading to major opposition rallies and the subsequent high-profile arrest of Leopoldo López, leader of the opposition party Voluntad Popular (VP).

The protests, which have been held in over 30 urban centers across the country, have since seen a broader spectrum of supporters, some of whom have started calling for the resignation of Chávez' successor President Maduro of the Unified Socialist Party (PSUV). Counter-rallies have been organized in a number of places with government supporters, whilst splits amongst the opposition – represented by the Roundtable of Democratic Unity (MUD) coalition - on how to handle the crisis have emerged. At the time of writing, hundreds of people have been injured since the beginning of the crisis, more than 1,500 people arrested and over 29 killed, including supporters from across the political spectrum and members of the security forces1. About 100 people remain in detention, including 21 security officials accused of crimes ranging from brutality to homicide2. The crisis has provoked various reactions from the international community. The United Nations (UN), the European Union (EU), the International Socialist organization (IS) and the Interamerican Human Rights Commission (IAHRC) condemn the violence and denounce the human rights violations, calling for a dialogue between the Government and the opposition.

The repercussions of these developments affect the political map of the Latin American region as a whole, impacting not only on the future of the Community of Latin American and Caribbean States (CELAC) and other regional mechanisms, but also on the internal politics in some of the countries in the region. In particular, it reflects a level of uncertainty for neighbors that have benefitted from Venezuela’s oil and generous trade deals in recent decades, such as the Chávez-backed ALBA “Peoples’ Trade Treaty” and the PetroCaribe oil assistance program.

The region is divided between those who support Maduro’s government and those who denounce the Government’s repressive tactics and human rights violations. Whilst the Mexican and Brazilian governments have been keeping a low profile, a March 4th statement of former Latin American presidents3 – calling for constructive dialogue and an end to violence, was ignored by the Venezuelan government. On March 7, twenty-nine states of the Organization of American States (OAS) approved a declaration lamenting the victims of the violence, and calling for continued dialogue, but rejecting any type of intervention or sanctions upon Venezuela’s democratically elected government. With only Panama and the United States voting against, the Maduro government praised the statement as an expression of solidarity, and cut off official ties with Panama. The latest attempt of Panama to bring in views of the opposition in the OAS Permanent Council on March 21, by offering its seat to opposition politician Maria Corina Machado, was blocked by the ALBA countries, Argentina, Brazil, Uruguay and the CARICOM countries. However, the number of countries disagreeing with the Venezuelan government position also rose this time to 11, including the Chilean government.

The Union of South American Nations (UNASUR) have meanwhile approved a special commission of Ministers of Foreign Affairs of its member countries, to visit Venezuela and foster a dialogue between the Government and the opposition. However, UNASUR is not seen as neutral, given that some of its members are part of ALBA and have important trade links with Venezuela, creating a similar polarized situation as in the OAS.

This report focuses mainly on the political and economic background that has laid the foundation for the current scenario. Whilst the current situation is fluid, affecting the range of specific options available to deal with the crisis, the importance of unpacking the underlying structural causes and drivers of the conflict will be key to addressing the conflict and its shifting dynamics.

II. Context Analysis

The rise of Chávez

In February 1992, Lieutenant Colonel Hugo Chávez Frías led a failed coup attempt against the democratically elected President Carlos Andrés Pérez. Having been imprisoned and later given amnesty during President Rafael Caldera’s

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1“Venezuela unrest toll rises as soldier is shot in head”, Reuters March 17, 2014
2 Idem
3 Former presidents of Costa Rica, Brazil, Chile and Peru: Presidents Arias, Cardoso, Lagos and Toledo joint statement on developments in Venezuela, March 4, 2014.
second term, Chávez eventually joined the electoral process and, garnering massive popular and electoral support, was elected President in 1998. Venezuela has experienced significant transformations in the past 15 years, which have seen the election and subsequent re-elections of Chávez, followed by his death in 2013, and the subsequent election of his heir Nicolás Maduro. A milestone in this past period was the new Constitution passed in 1999, triggering a number of institutional and political changes that lead to a progressive concentration of power in the hands of the President and a gradual, yet sustained, control by the Government of the institutional mechanisms established by the new Constitution. In the meantime, several referenda were called, which were all won by the Government bar one exception. The Government gained increased control over the media and the nationalized several sectors of private industry and businesses.

Having risen to power without the support of a structured political party, and relying mostly on the military, President Chávez eventually favored the creation of the Unified Socialist Party of Venezuela (Partido Socialista Unificado de Venezuela – PSUV) and launched a political “revolutionary project” aimed at establishing a “21st Century Socialism”. This project started to emerge after a failed coup attempt against him in April 2002, and was later strengthened by the approval of a new National Strategic Plan in 2007. These efforts were underpinned by abundant oil revenues (by 2012, the international price of oil reached 363% the 1998 price) and state control over the oil state corporation Petróleos de Venezuela (PDV).

Chávez’ actions exacerbated the pre-existing polarization in the country between the business, professional and middle classes on the one hand, and on the other a vast sector of the population living in the informal economy and generally below the poverty threshold. The loyalty of the poor was secured through the important social policies that were implemented as part of the revolutionary project, with the initial oil boom funding a prolific welfare program, such as the healthcare and education “missions” (misiones) established throughout the country. Whilst this did result in a significant increase in positive social indicators, the social gains were eventually affected by the economic mismanagement by the Government.

The political polarization between the Government and the opposition was deepened by the launching of a campaign to not only increase government control over the main institutional and economic resources of the country, but also to systematically persecute and stigmatize the opposition. These actions involved several cases of human rights violations that were reported by the Inter-American Commission on Human Rights (IACHR), the UN Office of the High Commissioner for Human Rights and Human Rights Watch, among other national and international organizations. In 2013, Venezuela’s government decided unilaterally to withdraw from the Interamerican Human Rights System, denouncing the American Convention on Human Rights.

At the same time, through a reform of the Armed Forces’ Organic Law (LOFAN), Chávez’ Administration reorganized the military, bringing them actively into politics and public administration and creating and expanding an armed militia that reported directly to the President. This reorganization introduced a new security doctrine based on the hypothesis of an asymmetric warfare against the United States, characterized as the main external enemy to the revolutionary process leading to the “21st Century Socialism” and to the integration and unity of Latin America and the Caribbean. This process has resulted in the transformation of the military into a relevant political actor and in an increased militarization of the political and administrative system, with the involvement of middle- and high-ranking officers of the armed forces in public administration and diverse businesses.

**After Chávez: Political developments from 2013**

Following Chávez’ presidential election victory in December 2012, his death from cancer in March 2013 led to a new election in April 2013. According to the Government-controlled national electoral council (CNE), this was won by less than 2 percentage points by his appointed successor – trade union leader and former Minister of Foreign Affairs Nicolás Maduro - with significant support from the Cuban government (see p.7). The opposition challenged this electoral victory alleging fraud, but their claims before electoral organizations went unheard. The international community and regional organizations such as the OAS and UNASUR disregarded all claims and acknowledged Maduro’s victory.

The results of the more recently held municipal elections of December 8, 2013 have been widely debated and interpreted along political lines given the close run of approximately 49% of the votes going to the PSUV versus approximately 43% to the opposition MUD coalition⁴, while both political blocks lost votes compared to the April 2013 elections.

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⁴ The Consequences of Venezuela’s December 8th Municipal Elections, Brookings, December 9, 2013; Venezuela’s governing PSUV leads in local elections, BBC, December 9, 2012; Venezuela’s Maduro to raise pressure on business after local vote, Reuters, December 9, 2013; Results of Venezuelan Municipal Elections Announced (Updated), Venezuela Analysis, accessed on March 25, 2014

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**Venezuela Analysis, accessed on March 2014**
presidential election. The PSUV secured its support mainly in rural areas and smaller towns where the Government is the principal source of employment and revenues. The opposition, represented by the MUD coalition, obtained an increase of votes compared to the latest regional elections, and snatched several mayoralties from the ruling party and increased its presence in major urban municipalities including the capital city of the State of Barinas, Hugo Chávez’ hometown.

**Economic mismanagement and crisis**

Chavez’ legacy in Venezuela goes beyond the image reproduced by Maduro’s Administration. In many respects, he was a champion of the poor and a craftsman of regional integration and unity. However, in the current scenario, a series of unresolved conflicts and the consequences of his Administration’s economic policies overshadow his legacy and bring about many concerns in relation to the future of the country.

The most critical and pressing - and less visible - issue at hand is the current standoff between different factions of the PSUV Government over how to overcome the economic crisis and mismanagement of Venezuela. Firstly, according to Government data as of the end of September, inflation had increased by 4.4% in the previous month, with a total accumulated year-to-date increase of 38.7%. The numbers estimated by the opposition based on Central Bank data are worse: the annual inflation rate hit 49.4% this month, a record price increase since 1997, mainly affecting the poorer strata of the population. As per more recent data by the Central Bank, the inflation rate exceeded 50% by the end of the year and continues to grow.

Moreover, shortages of goods, which mainly affect families of limited resources, are becoming more evident by the day in the Venezuelan market. A steady inflation, combined with product scarcity and shortages, makes it increasingly difficult for these sectors to pay overpriced products available in the parallel market of basic goods. The national currency - the Bolivar - is rapidly devaluing in the foreign currency exchange black market, while at the same time the Central Bank is trying to cope with the financial deficit by printing paper money, and reserve funds are dropping at a fast pace. The declining productivity of the country has forced it to import over 80% of the food products consumed domestically, allegedly due to the destruction and inadequate management of nationalized business companies, crops and lands.

In November 2013, Maduro announced an “economic war” against the “parasitic bourgeoisie” (burguesía parasitaria), imposing a decrease in the prices of household appliances sold at retail store chains, and intervening in some of these companies. The initiative became a law by Presidential decree, imposing a maximum of 30% to the earnings of businesses, and establishing severe fines or imprisonment to those who would not comply. This has made scarcity of goods an established pattern of the everyday life of Venezuelans.

This situation is reflected in a setback in the previously successful fight against poverty, evidencing the economic situation Venezuela is facing in spite of the high international prices of oil. According to a 2012 report published by the Economic Commission for Latin America and the Caribbean (ECLAC), Venezuela had the third-lowest poverty rate among Latin American countries, compared to much more positive reports issued by ECLAC in previous years, showing that the poverty rate had decreased significantly in Venezuela. However, according to the 2012 ECLAC report, Venezuela’s poverty rate increased from 27.8% in 2010 to 29.5% in 2011.

**Internal political struggles**

The dire economic situation can be traced back to the erratic policies implemented since the beginning of the currency exchange control program developed 10 years ago. However, the structural faults in the model were also aggravated by internal political conflicts between pragmatists (such as the former Minister of Finance Nelson Merentes) and ideologists (like the Chávez-appointed Minister of Planning Jorge Giordani) on what recipe to apply in order to correct the model and improve the economic situation. While Merentes intended to make currency controls more flexible to increase imports, Giordani wants to deepen the revolution through a currency exchange system with preferential rates, inspired in the Cuban model. This conflict has led to the replacement of Merentes as economy Vice-President with PDV President Rafael Ramirez.

The pragmatic and ideological positions in relation to the economic crisis hide a deeper confrontation between those who continue to benefit from the current mismanagement of the economy, and those who are committed to deepening the statist model and a centralized economy of the “21st Century Socialism”. The rivalry between the two sides reflects a continuous struggle between the more purist revolutionary ideological faction that is keen on the support and close relationship with Cuba, versus the sector of high-ranking officers and Bolivarian businessmen involved in various business deals. Reflecting this is the rivalry between the ideologist Maduro and former army officer Diosdado Cabello, president of the National Assembly (see p. 8). Maduro has removed from government offices some of the allies and supporters of former army officer Diosdado Cabello, president of the National Assembly, but the sector reporting to the latter has not lost its strength, particularly within the high ranks of the armed forces. The tensions...
between the two are still rising, with an increase amongst Cabello’s influence in recent months and amongst complex internal struggles in the Government, the PSUV and the military, with blurred lines of alliances and defections.

Notwithstanding this, the Government publicly displays an image of cohesion by making joint appearances in different events, and by having Maduro, Cabello and Foreign Affairs Minister Jáuá (who represents a more radical faction) repeatedly deliver speeches along similar lines. A common theme is the rallying against the opposition and the “economic war” against speculators and retailers who are said to overprice many products with the alleged involvement of the opposition. The measures taken to force several retailers and store chains to sell their products at less than their market prices, causing queues and occasional looting to obtain them, was widely seen as a desperate “flight forward” by the Government in anticipation of the municipal elections of December 8 of last year. The effort to gain popular support at this time led to general shortages during the end-of-year holidays and the beginning of the new year, which only fuelled existing tensions further.

While internal struggles and tensions are rising within the Government ranks, showing serious contradictions regarding economic policies, the mismanagement of the economy is also on the rise, despite all the palliative measures and partial efforts of the Government to try to solve the crisis. According to the GDP results reported by the Central Bank on Tuesday 26 November, Venezuela had exported 1,079 million dollars less in 2013 than in the previous year. In this regard, the decrease in oil exports can be attributed to a 32.5% reduction in public sector exports, as part of an increasing contraction of the private sector of the economy. According to Capital Consultores, while OPEC oil production increased in the last 15 years by 27% and the world production reached an increase of 19%, Venezuela’s production dropped by 18% between 1997 and 2012.

**Fragmented opposition and controlled public mood**

In addition to the cracks within the PSUV and within the armed forces in their attempt to consolidate Maduro’s Administration amidst an unstoppable economic and social crisis, there is a persistent confrontation with the MUD, the opposition coalition of political parties, which is accused of conspiring with the United States to overthrow the Government and derail the revolutionary process.

Notwithstanding the existence of the MUD, the opposition – consisting of different parties and personalities – also shows internal fractures and tensions, particularly after the December 2013 municipal elections. While Henrique Capriles Radonski still holds the leadership of the coalition after competing with Chávez and Maduro in the latest presidential elections, his moderate position has been challenged since the eruption of the crisis. Notably, several sectors of the MUD – led by María Corina Machado (an opposition representative in the National Assembly), Leopoldo López (head of the Voluntad Popular party) and Antonio Ledesma (Mayor of Caracas) – started to hold popular assemblies in a strategy referred to as “La Salida” (meaning Maduro’s political “Exit”). These politicians and their supporters are keen on civil disobedience and support the mobilization of different sectors, including the powerful student movement, to publicly express their rejection of the current government, whilst Capriles has insisted on dialogue and warned against radical stands against the Government.

In addition to the shortages and the inflation, a key issue for those opposing the Government is the widespread insecurity – already a pressing issue for Venezuelans since before Chávez’ arrival, which has never ceased to grow and has seen a significant increase in recent years. Official statistics for 2012 show over 16,000 homicides per year, mainly caused by criminal gangs and the criminal underworld, while unofficial sources indicate that the numbers are actually over 21,000, reaching more than 25,000 homicides for 2013.

Another grievance is the growing perception among the population that corruption is increasing among military and government officials. This view is shared by some international organizations. According to the latest Corruption Risk Index, Venezuela is ranked among the ten most corrupt countries in the world. Various allegations have emerged linking the Venezuelan government and military with international organized crime groups, cartels, and rebel groups abroad such as the Revolutionary Armed Forces of Colombia (FARC). Whilst ties with the Drug Enforcement Agency (DEA) of the United States have officially been severed, alleged business deals that involve the rebel groups and cartels have implied links to drug trafficking and to the acquisition and trafficking of weapons. Such allegations have alienated some of the Government supporters and have affected both domestic

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and international relations. In this context, according to a survey published by "El Universal" newspaper on November 3 of 2013, 72.6% of Venezuelans already had a negative perception of the country’s situation, with a majority defining themselves as government supporters (57.1%). Amongst the opposition supporters, this negative perception reached 96%.

According to the same survey and before the municipal elections, Maduro’s presidential decisions caused 54.9% of the citizens to rate his administration as negative, increasing the negative rating by 11.7% since March of 2013.7

However, the results of the December 2013 municipal elections failed to reflect the negative perception of the Government. This has been attributed to the strong mobilization capacity of the PSUV (particularly among government employees) and to the impact of the “economic war” in November. The intensive media campaign of the Government, with the opposition having restricted access to the limited independent media, also contributed to these results (see p.9). Finally, disaffected chavistas, who would stand to lose important benefits in housing, employment and food subsidies were they to abandon their political loyalty to the Maduro administration, are yet to be convinced by the alternatives proposed by the fragmented opposition.

**Foreign policy under pressure**

Chávez’ legacy includes his significant drive for regional cooperation in Latin America and the Caribbean. Together with then-Brazilian President Lula, he forged both UNASUR and CELAC, aiming for social, political and economic integration as an alternative to the controversial Free Trade Area of the Americas. While originally Chávez was expecting ALBA to become the hard core of the regional integration process, the admission of Venezuela to MERCOSUR changed this perception and initiated a new direction for the Bolivarian foreign policy – the mirada hacia el Sur (view to the South).

At the political level, Venezuela has also proactively promoted the advancement of leftist leadership in the region, cultivating close bilateral ties with governments such as Cuba, Bolivia, Brazil and Ecuador. For instance, the relation with Cuba – underpinned by the ideological affinity with Castro as Chávez’ mentor – includes development aid, joint business ventures, large financial transactions, exchange of energy resources and information technology, and intelligence and military cooperation. Following Chávez’ death Maduro’s administration was actively supported by Cuban advisors, based on Cuba’s priority to ensure the continuation of oil assistance (98,000 barrels per day) to the island and the hiring of Cuban professionals by the Venezuelan Government.

On the other hand, the complicated relations with its neighbor Colombia have been volatile and characterized by a permanent tension. Although an important trading partner providing for a significant part of Venezuela’s food imports, the relationship with Colombia has been strained by the Venezuelan government’s ties with the FARC and Colombia’s perceived alignment with the United States. The current Colombian government is now concerned by how the Venezuelan crisis can affect the peace negotiations with FARC, as Venezuela is one of the observer countries of the process. Meanwhile, tensions with Panama reached a height with the current crisis, as Panama is one of the main promoters of a condemnation of the Venezuelan government at the OAS.

There are recent signs that the leadership of Venezuelan foreign policy has been waning as oil revenues began to decline and internal political turbulence started to increase. In spite of ALBA’s persistence, in October of 2013, Guatemala withdrew from Petrocaribe – the Venezuelan oil assistance program benefiting 18 countries of the region-, while Brazil, Panama and Colombia have insisted on their claims to collect overdue payment for food, manufactured products and other imports. The declining Venezuelan leadership in the region is both a reflection of Venezuela’s reduced economic capacity to sustain an oil-assistance based diplomacy, and of the international repositioning of some of its allies, such as Syria and Iran. An additional possible factor is Maduro’s lack of charisma compared with the regional leadership deployed by Chávez during his stay in office.

Venezuela’s declining international presence and influence is also reflected in geopolitical events in the region. For instance, the persistent accusations of the opposition that the Government is inadequately managing the relations with Guyana and the territorial claim over Guyana Essequibo are starting to filter through to society in general, and to the armed forces in particular. In addition, Venezuela’s failed attempt to mediate in the conflict between the Dominican Republic and Haiti in late 2013 was another sign of the weakening regional influence of the Bolivarian diplomacy.

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7 Addendum at the time of publication: Another recent survey by the polling firm Datos, found that only 27.1% of respondents self-identified as pro-government, with 43.7% favoring the opposition. Of these, over 40% of government supporters blame the president for crime and economic hardship, whereas almost 90% of Venezuelans called for a change in government policies. What’s more, 64% favored removing the Government “by constitutional means”. From “Inside the barrios - Support among the poor for the Government of Nicolás Maduro is conditional”, The Economist, March 22, 2014
Nevertheless, the alliances forged in the past decade have remained evident in terms of regional positioning in the current crisis. ALBA members and several South American key trade partners show a persistent support to Maduro’s government. As shown in recent events of the OAS Permanent Council and the UNASUR Foreign Ministers’ mission to Venezuela, regional support to the Bolivarian government still holds in the region, even if this support may sometimes be more related to ideology than to economic benefits.

III. Overview of stakeholders

The PSUV Government

There is a confrontation between different factions within the Government. One of them, represented by President Maduro, is a civilian-military coalition strongly focused on intensifying the process of building the “21st Century Socialism”, influenced by Cuban advisors and identifying with the Cuban model. This faction is clearly more ideological in nature and, at the same time, attempts to provide continuity and legitimacy to the Maduro Administration as the successor of Chávez.

The other faction, built around the President of the National Assembly and former army officer Diosdado Cabello, has a more nationalist orientation. It caters to the interests of high-ranking military officers and businessmen who benefitted from the process through legal and illegal business, which they intend to maintain and continue to develop. This group remains strong and influential in spite of having lost government offices following Maduro’s appointment of high-ranking ministers and officers. Some analysts interpret Maduro’s absence in the UN General Assembly of September 2013 as attributed not to an alleged attempt on his life in New York, but rather to the gestation of a coup d’etat against him by the Diosdado Cabello faction in Venezuela. The frictions and the tension between these two factions affect the decision-making capacity of the Government, despite an outward appearance of unity.

Other factions to be considered are the most radical groups related to Foreign Affairs Minister Jaúa, and sectors of disappointed chavistas. According to them, Chavez’ legacy is being betrayed and they are critical of the lack of consistency of government policies, particularly regarding the sustainability of social policies and the rampant corruption of high government officials.

The PSUV keeps significant support among popular and traditionally disenfranchised sectors as a result of social policies (Misiones) and expanding levels of government employment and assistance. There is a high capacity for mobilization and organization of those sectors through different PSUV initiatives, local communities organized trough the “Círculos Bolivarianos” and the new militia, including the “armed collectives” (colectivos - below) which practically function as paramilitary groups. All in all, those sectors represent an estimated chavista hardcore of between 35% of the population8. Nevertheless, some chavista strongholds in the barrios (popular neighbourhoods) are getting increasingly involved in the recent protests against the Government.

The Military and other Armed Groups

The armed forces display cracks and tensions along the lines of the two main groups: the more radical who identify with the "21st Century Socialism" and are more receptive to the influence of Cuban advisors, and the nationalists who resent the Cuban presence. Both factions support the regime, but their political and economic objectives differ. In addition, there is a third low-profile group, referred to as the "institutionalists", who are more professional and tend to stay out of the political arena and of a potential intervention to control a social outbreak. This group resents the Cuban influence on the armed forces, and the distribution of weapons among the civilian population through militias. One of its main concerns is to avoid becoming involved in a civilian bloodshed. It is difficult to draw a map of the actual composition of the three groups, because of the reluctance of the military to provide information.

In addition to these three groupings in the armed forces, there are armed militia groups, organised to act in critical circumstances in defence of the revolution, that report directly to the President rather than to the command structure of the Bolivarian Armed Forces (FABN). Some of these are highly radicalized “armed collectives” (colectivos armados) that act autonomously and have even managed to limit police powers in the neighborhoods. Some colectivos have been linked to armed criminal organizations, such as drug cartels and the Russian and Belarusian mafias9, and have been accused of having links with fundamentalist organizations in the Middle-East.

The Opposition

The democratic opposition is focused on removing the

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8 This estimate was challenged by a Datos poll reflecting that only 27.1% of respondents described themselves as pro-government: “Inside the barrios - Support among the poor for government of Nicolás Maduro is conditional”. The Economist, March 22, 2014
current administration from office through constitutional means. It is made up of the parties and factions of the so-called “IV Republic” – mainly Acción Democrática (AD) and Comité de Organización Política Electoral Independiente (COPEI), and different subdivisions of the two – as well as new parties such as Primero Justicia and Voluntad Popular, which brought along new younger leaders. The opposition also includes military retirees and army officers dismissed from the regime who had been part of the Government or the PSUV. In general, the main democratic opposition is grouped in the MUD, whose presidential candidate Henrique Capriles Radonski, current governor of the State of Miranda, made significant electoral gains in the last presidential election. Although the MUD is convinced that Maduro and the PSUV won the last elections through fraud, its official position is to insist on the electoral option. MUD supporters are comprised mostly of the urban middle-class.

Due to its political and ideological heterogeneity, the MUD has faced challenges in developing a coherent strategy. However, since the last legislative elections, the MUD has been able to incorporate into the National Assembly a sufficiently large group of representatives to stop government initiatives that are not established by decree and that call for the support of over two thirds of the Assembly. President Maduro subsequently requested the Assembly to pass an Enabling Law granting him power to rule by decree, which was rejected by the opposition and its parliamentary representatives. The removal of a representative of the opposition on charges of corruption and her replacement with a government supporter finally gave Maduro the majority he needed to have the law passed in November, enabling him to rule by decree for one year.

Notwithstanding the official MUD strategy of removing Maduro and the PSUV from office through elections, there is a significant fraction of the coalition that is increasingly insisting on taking a more proactive stand, holding popular assemblies and mobilizing different social sectors in the streets. The aim is to accelerate the removal of Maduro before the three year period established by the 1999 Constitution to call for a recall referendum and to force his resignation. This sector is led by National Assembly representative María Corina Machado; the head of the Voluntad Popular party Leopoldo López, and the current mayor of Caracas, Antonio Ledesma. The strategy of street protests and civil disobedience promoted by this group is causing increasing (and violent) reactions by the Government and its allies. Arrest orders were recently issued against López (at the time of writing still in jail accused of promoting social unrest), while the National Assembly have voted to request a criminal investigation into Machado for crimes including treason in relation to her involvement in anti-government protests.

In addition to the heterogeneous opposition groups gathered under the MUD, there are nonetheless sectors of the opposition that are promoting a military coup. Many of its members are exiled but are trying to establish links with sectors of the armed forces to stage a more effective coup than that of 2002. Although they represent only a minority of the opposition, they maintain a radical position and challenge the ineffectiveness of the electoral strategy and civil disobedience. It is not possible to confirm, with the available information, the degree of interlocution and relationship between opposition groups and active duty military sectors, although there are plenty of military retirees committed to the MUD and other opposition groups.

Information and Communication Media

The media of the opposition have been progressively controlled or appropriated by the Government, while government-affiliated information media and channels have proliferated and expanded. In October 2013, the Government created the Strategic Center for Homeland Security and Protection (CESPPA) to monitor and “neutralize” potential threats from internal and external enemies”, and its first action was to report and attack the privately-owned popular newspaper 2001 for addressing the issue of shortage of goods.

Beyond the censorship role of CESPPA in relation to the control of public information and, in particular, information published by the media, there are other areas of concern regarding this organization: (a) that it is an intelligence organization coordinating several entities based on the concept of “homeland security”; (b) that it has been created by decree as an entity reporting to the President without any monitoring or control by the citizenship or civil institutions, including the National Assembly (according to the wording of the decree, it must follow the directions of a “Political and Military Office of the Bolivarian Revolution”); and, (c) that its first Director is a military officer, General Gustavo González, former commander of the Bolivarian Militia.

In addition to the acquisition by government supporters of most of the radio stations and TV channels and several newspapers, a shortage of paper due to the lack of access to U.S. dollars is affecting mostly the remaining independent newspapers that provide non-official or non-censored information. Online access to information is usually blocked when a crisis develops or when there are situations that compromise the Government.

The Universities and the Student Movement

In spite of the proliferation of “Bolivarian” higher education institutions created by the Government in the past 15 years, traditional public and private universities have challenged...
and have become a focal point of resistance to the Government, with their students having taken a lead role in some of the most important protests. The lack of security on the campuses triggered the recent cycle of protests after a robbery and rape on a campus, but later moved to protest against the Government mismanagement of the economy. The student movement blames the country’s high crime rate on state policies that allegedly neglect combating irregular armed groups and engenders impunity. Students have also been critical over the increasing scarcity of goods which according to them is due to the state-imposed price controls and monopolies.

During the recent events, the student movement supported the strategy of confronting the Government in the streets, while some of its leaders became prominent political players. Recent students’ mobilizations have led to the imprisonment of several student activists and leaders, and a growing death toll of students killed by supporters of the Government.

**Civil Society Organizations**

Civil society in Venezuela is politically polarized, reflecting the overall mood of the country. On the one hand, the movements and Civil Society Organizations (CSOs) which have an ideological affinity with the “21st Century Socialism” defend the Government’s policies. These include trade and labour unions, and local groups such as urban land committees, communal councils and semi-legal groups, most of which are supported by the Government. The armed colectivos mentioned above are also considered part of this group.

On the other side are the organizations that do not identify with the revolutionary project, notably those that emerged during the earlier institutional framework of representative democracy. These include other important labour unions, business and professional associations, and groups affiliated with the Catholic Church. In more recent times, new networks and movements have appeared, such as the student movement, neighbourhood associations and human rights and workers’ associations, having developed from individual protest to collective organisations. A third category of organizations does not align with either side, and are mainly concerned with the continuation of their work and autonomy. The highest social priorities highlighted by CSOs in Venezuela in recent polls are insecurity and exclusion.\(^\text{10}\)

Politically, the very notion of civil society is contested in Venezuela, with the Government promoting a participatory democracy as directly mediated by the state. In 2000, a Supreme Court ruling defined CSOs as Venezuelan associations, groups and institutions which do not receive external subsidy; leaving the rest to be depicted as agents of class or foreign interests. This has contributed to the victimization or even criminalization of CSOs that are keen to assert their autonomy or that are not aligned with the revolutionary project. According to the Civicus survey in 2011, “70% of CSOs surveyed found the environment for civil society restrictive, and around 40% reported experiencing illegitimate attacks or restrictions from government, a figure which rises to 60% for civic and human rights CSOs.\(^\text{11}\)

### IV. Conflict Risks

The persistence of the economic and social crises, the inefficient management of the economy during over 15 years of oil bonanza, the internal tensions in the Government and the polarization between the ruling party and the opposition, along with the possibilities of an international incident that may further aggravate these tensions and crises, pose multiple threats to the long-term stability and future prospects for Venezuela as well as the broader region. These factors may add up to a reaction by the national armed forces (FANB), with the eventual support of several civilian sectors (including government supporters and members of the opposition), to address violently the different conflicts that the Venezuelan society is facing as part of Chávez’ legacy.

Whilst the municipal elections of December 2013 were held without any significant episodes of violence, the current crisis has erupted as a result of shortages and scarcity, the rampant inflation, the repression and persecution of the opposition, and the uncontrolled insecurity, as well as the repeated claims of corruption among high-ranking officers of the Government. Altogether, these have spurred social unrest both among Chavistas and sectors of the opposition. Historically, and in particular since the 1989 “Caracazo” popular turmoil, the armed forces have avoided any interventions that may imply a violent confrontation with the population. However, the unforeseeable consequences of the current social outburst may significantly alter this position, with the potential involvement of armed groups of civilians and government-affiliated militias.

It is evident that the Government lacks control over the colectivos armados, armed civilian groups with chavista allegiances, which are comparable to the urban guerilla group Tupamaros and have alleged links to organized crime. Furthermore, the abundance of weapons available to the population through the militias created by Chávez (and

\(^\text{10}\) Civil Society Profile: Venezuela - Civicus State of Civil Society 2011

\(^\text{11}\) Idem, p.280
recently increased in number by Maduro) and the weapons controlled both by petty and by organized crime, increase the risk of the social outburst leading to an internal armed conflict among several sectors. In the crisis that has unfolded in recent weeks, there are signs of an increasing tendency to resort to violence on several sides, and an increased involvement of the military in response to the unrest.

V. Dynamics & Projection

Currently, there are tensions and controversies among different government factions, particularly over the economic policies to be implemented in order to overcome the crisis and the economic mismanagement; among sectors of the armed forces; and between the Government and the opposition. Any of the scenarios described below may potentially trigger a broader conflict, since these tensions are not solved or overcome through institutionalized channels but rather through the direct interaction of the conflicting groups. Moreover, these tensions are associated with a growing social strain driven by the economic crisis, shortages and scarcity, and insecurity, irrespective of the current abundance of money in circulation.

The recent political upheaval has moved the focus of the Government agenda from these issues to an emphasis on the attempt by the opposition to destabilize the Government. However, the economic and security crisis are not addressed by a coherent set of governmental policies, which keeps the social strain unabated. On the contrary, the protests are deepening the problem of shortages and insecurity, as the Government is in no capacity to address those issues with a set of adequate policies.

Two elements may trigger a conflict escalation. On the one hand, the intervention of the armed forces as a result of the current social unrest, with the possible involvement of several informal actors, such as the armed colectivos that act as irregular urban groups. On the other hand, the reluctance of certain sectors of the armed forces to get involved in a conflict with disgruntled sectors of society may lead to their potential disobedience or eventual participation in a coup to remove the current President. A first sign of this reluctance was the decision taken by several officers of the National Guard to not get involved in the repression.

Possible development scenarios

a) Optimistic medium- and long-term scenario (Less likely)
The current social unrest gradually abates as the different sectors of the Government negotiate the distribution of power, with the associated prerogatives. They start to implement consistent economic policies to improve the situation and to overcome the current economic mismanagement, while appeasing the protests in the streets and releasing the detainees. In this case, the Government may remain in office for three years until the possible call for a recall referendum by the opposition as established by the Constitution. If the referendum is won by the Government, President Maduro will complete his six-year term in office.

b) Pessimistic short- and medium-term scenario (Highly likely)
The Government fails to drive adequate economic policies, increases the repression of the opposition and the social outbreak continues unabated. The armed forces become involved in the repression but this generates cracks in the unity of the armed forces. Armed clashes between different sectors multiply, including the involvement of armed civilian groups, and the country enters a state of higher anarchy, while the democratic opposition fails to enter into a dialogue with the Government to restore public order and the legitimacy of the institutions. There is the possibility of a military intervention of the Government by nationalist/institutionalist sectors of the armed forces, with the support of some government-affiliated and/or opposition civilian sectors. An eventual intervention by neighbouring countries to promote dialogue, if perceived as too biased with one side or the other, fails to reach an adequate engagement between the different parties in conflict.

c) Intermediate scenario (Highly unlikely in the short term)
The Government and the opposition manage to create spaces for dialogue and interlocution and agree on policies to overcome the crisis. The armed forces, in light of the militarization of the Government and the ongoing business deals, decide to keep out of things. The successive scheduled elections – legislative, presidential – are carried out within a framework of stabilization of the economy of the country and respect for the institutions and constitutional rules, and they are not challenged by the potential losers. International cooperation, channeled through oil assistance mechanisms such as Petrocaribe or South-South cooperation organizations such as ALBA, is reasonably reduced and in proportion to the capacity of the country. Foreign advisors withdraw, and the foreign policy of the country is reformulated within the framework of a negotiation among different sectors, while the discourse against the "internal and external enemies" to the country is

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tuned down.

Options and opportunities for de-escalation

The intermediate scenario described above covers the most viable options for de-escalation. To such effect, dialogue and mediation spaces need to be created among different sectors. Those spaces are currently non-existent or, at best, incipient. For example, there is no visible evidence of dialogue between the opposition and active duty military officers, and the National Assembly basically reflects the existing political polarization. However, external actors too are polarized between the support to Maduro’s government and the denunciation of human rights violations, and have so far been unable to provide adequate channels for dialogue.

Sectors of the armed forces and the opposition that are open to dialogue with the ruling party - with the possible support of external inter-governmental organizations and agencies - may be potential partners in a peacebuilding process. At this point, it should however be remembered that the intervention of the OAS and the Carter Center during the 2002-2003 crisis in the creation of a “Roundtable for Negotiation and Agreements” was not perceived favourably by either party, even when the confrontation was brought to an end.\(^{13}\) Notably, the Roundtable was not conceived as a mechanism to transform the root causes of the crisis and as such did not achieve a change in the relationship between the conflicting parties. Another option is that the generation of spaces for dialogue and negotiation is promoted exclusively by external actors, probably with low visibility levels and in locations outside Venezuela at a first stage, as a measure to build mutual trust, uncontaminated by the current tensions and the political polarization existing in the country.

VI. Recommendations for action

Note: These recommendations focus on the mid-to long term perspective, and – given the fluidity of current political developments – may be updated at a later stage.

In the current climate, external actors should exercise restraint and caution in how they respond to the crisis. Any intervention should focus on quiet diplomacy and behind-the-scenes preparation for national – and possibly even regional – dialogue. Much of the current political discourse and media coverage is distracting attention from the structural causes outlined in this report. However, until the fundamental issues and grievances have been unravelled and addressed in a dialogue setting, the conflict dynamics will remain. This will require attention at two levels: a political solution and consensus with regards to economic and financial policies, and a multi-stakeholder engagement enabling confidence building within Venezuelan society.

Whilst we support all condemnations of violence, torture and human rights violations, we recommend no one to openly taking sides in the rhetorical and increasingly physical battles in Venezuela, as this will only entrench the polarizations further, leaving no window for dialogue and reconciliation. International actors such as the United States and the European Union – widely viewed with suspicion not only by chavistas in Venezuela but also within the broader region – should refrain from seeking a direct role in the current scenario, or from imposing political or financial embargos which would only increase the militancy and legitimise the Venezuelan governments’ current stance amongst its followers.

At the political level, it is of paramount importance that international efforts focus on the creation of a safe space for dialogue between the main opposing parties. As part of this, the identification of dialogue participants and conveners is as important as the process itself. In this respect, it should be noted that the dynamics in the regional context, including the regional and sub-regional organisations in the Latin American region – notably the OAS and UNASUR – reflect similar polarizations as those playing out in Venezuela. For this reason, relying exclusively on these bodies to address the situation could lead to the political exploitation of the proposed dialogue, as already seen in recent weeks and months.

Two alternatives currently present themselves and should be explored further. Firstly, the possibility of creating a new regional Group of Friends composed of Latin American leaders from both sides of the political spectrum. Since the respective domestic and foreign policies in the region present interests and potential obstacles to taking up this role, the exact composition of this group will need to be considered carefully. The dialogue should initially involve the main opposing sides starting with representatives of the Government and the opposition (notably the more moderate sectors), with a view to potentially broaden participation with time. The content of the dialogue should be identified by the two parties, aiming to first and foremost focus on a constructive exchange on how to address the human security needs in Venezuela, notably economic and insecurity issues.

Secondly, the UNDP could play a role in preparing a long-term dialogue process at the national level. There is an urgent need to prepare the grounds for national confidence building. Actors that could such a multi-stakeholder process could include the the Catholic Church,
a neutral non-governmental entity from the region, as well as based on careful mapping - local civil society organizations positioned at both ends of the political spectrum. Such a process may need to start at a low-profile level at an external location and would need to be undertaken as a long-term effort of several years. Here it will be important to draw lessons learned from previous reconciliation attempts (e.g. Carter Center and OAS initiative referred to above). In particular, any short-term solutions aiming to put an end to the political confrontations and deactivate the conflict must be complemented by long-term consensus building that address the structural causes through adequate economic policies and the strengthening of democratic institutions.

The issues addressed in national dialogue should include:

- **In the short-term**: immediate concerns related to the recent social unrest, aiming to de-escalate the crisis and further violence, including the disarmament of groups provoking violent conflict and toning down of inflammatory political rhetoric.

- **In the medium term**: addressing human rights violations and abuses within the framework of national and international civil law and ensuring the right to freedom of speech, opinion and assembly, by referring to the institutional mechanisms provided by the Constitution, and with a monitoring by neutral external or domestic actors that can guarantee a fair behavior of these institutions.

- **In the long-term**: continued confidence building and dialogue effort, and stimulation of the formation of forums and initiatives that promote conflict early warning and a culture of peace to prevent any backlash to occur.

### VII. Sources & Methodology

This report has been compiled by the author, Dr. Andrés Serbin, based mainly on interviews with analysts, journalists, active duty and retired military officers, and politicians, mostly of a confidential nature. Supported by the CRIES and GPPAC Global Secretariat, it was further informed by a review of documents and news articles and tracking of government official statements and economic documentation including the ECLAC report; Venezuelan Central Bank Reports; Statistical Reports and Surveys; the Corruption Risk Index 2013; and the Cívicas State of Civil Society Report 2011. Media sources, statements, and policy statements included Venezuelan pro-government and opposition media; international media covering recent events; documents and statements issued by the Government and the opposition, and documents and information on current policies in force. A separate bibliography on Venezuela outlining relevant literature, news and statements is available as a separate resource to this report.

### VIII. Contact

For follow up and further information, please contact Dr. Andrés Serbin, at Coordinadora Regional de Investigaciones Económicas y Sociales – CRIES: aserbin@cries.org; www.cries.org. Dr. Serbin is an international analyst and a retired full Professor at the Universidad Central de Venezuela and author of *Chávez, Venezuela y la reconfiguración de América Latina y el Caribe* (2010) as well as several related articles on the subject of Venezuela and the Latin American region. He has contributed to GPPAC conflict analyses on Venezuela since 2007.

For comments or feedback on this publication, please contact Jenny Aulin, Programme Manager Preventive Action – GPPAC Global Secretariat: jaulin@gppac.net; www.gppac.net.
About this publication

This report is part of the **GPPAC Alert** series, which aims to capture and disseminate the analytical insights of GPPAC members and partners on specific conflict issues, and to promote multi-stakeholder engagement on the conflict issue in question. The framework for GPPAC Alerts has been developed by the network’s Preventive Action Working Group, which works to bridge the gap between conflict early warning and early response through tools such as conflict analysis, multi-stakeholder collaboration and action planning.

The **Global Partnership for the Prevention of Armed Conflicts (GPPAC)** is a network of civil society organisations active in conflict prevention and peacebuilding practice world-wide, promoting a fundamental shift in how the world deals with violent conflict: moving from reaction to prevention. GPPAC members work together to inform policy, improve practice and facilitate collaboration amongst civil society, intergovernmental organizations and state actors.

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**Contact**

Global Partnership for the Prevention of Armed Conflict (GPPAC)

Global Secretariat

Laan van Meerdervoort 70  |  2517 AN The Hague  |  The Netherlands

The Chamber of Commerce number is 4121740

T +31 (0)70 311 0970  |  F +31 (0)70 3600194

www.gppac.net  |  www.peaceportal.org