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Conflict Assessment: Venezuela

REPORT SUMMARY

This report attempts to provide a historical context for the humanitarian crisis in Venezuela. In 2019, the average income in Venezuela was reported by ENCOVI, to be at 72 cents per day with 96 percent of Venezuelans living in poverty and 70 percent living in *extreme* poverty.

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ABOUT PEACEXCHANGE

PeaceXchange is a multi-dimensional platform that aims to bring young people to the forefront of peacebuilding. Our detailed reports are designed to be accessible to a wide audience and inspire critical discussion in aspects of international conflict resolution. We are determined to empower users through a modern, sophisticated interface that elegantly provides objective information and promotes personal connection with our team. In essence, PeaceXchange is a collaborative exchange of information that promotes peaceful human connection and unity across nations and cultures.

Introduction

Democratic sentiments arising in 1958 served to cover up the strategic clientelism and monopoly of power granted to Acción Democrática (AD) and the Social Christian Party or Green Party (COPEI) by the Puntofijo Pact.¹ This pact would later lead some political analyst to define the system as a “partyarchy²” rather than a true democracy. Indeed, the myth of Venezuela as a “model democracy of Latin America” was propagated during this period by an alliance of democratic politicians and foreign (mainly US) scholars and ‘mentors’.³ While the US had previously supported the military dictator of Perez Jimenez because of his stance against communism and openness to foreign capital, they now embraced the new “democratic” system led by Rómulo Betancourt who continued to sign favorable oil contracts with foreign companies and pursue a staunch anti-communist line. Immense oil revenues allowed the hegemonic parties of AD and COPEI to develop an extensive nepotistic and clientelist system whereby new political leaders were either co-opted or excluded.⁴

When Carlos Andrés Pérez was elected president in 1974, Venezuela was awash with petrodollars. Perez continued the practices of past leaders and utilized the oil revenue to launch ambitious industrialization programs and developmental projects. The largely unchecked authority of the executive branch and Perez’s close circles of technocrats, businessmen, and political allies, allowed corruption to reach unprecedented levels during this period. Increasing wealth inequality created a clear distinction between a growing and prosperous Venezuelan middle class benefiting off of oil wealth and the majority of Venezuelans who were witnessing the immense infrastructural developments

¹ A formal arrangement between three of Venezuela's major political parties - Acción Democrática (AD), COPEI (Social Christian Party), and Unión Republicana Democrática (URD) - to accept the results of the upcoming presidential election and preserve the new democratic system.

² A political system dominated by particular political parties securing a monopoly on power.

³ Derham, M. (2002), Undemocratic Democracy: Venezuela and the Distorting of History. *Bulletin of Latin American Research*, 21: 270-289. doi:10.1111/1470-9856.00043.

⁴ Hawkins, Kirk. 2010. *Venezuela's Chavismo and Populism in Comparative Perspective*. Cambridge: Cambridge University Press.

yet were still enduring the same rural and poor living standards that characterized Venezuela prior to oil production. As noted by Miguel Tinker Salas in his book *The Enduring Legacy: Oil, Culture and Society in Venezuela*, "the portrayal of a prosperous oil economy transforming the nation obscured the fact that a significant portion of the Venezuelan population existed on the margins of the oil economy."⁵ The majority of Venezuelans living outside of oil camps still did not have access to even healthcare or basic education. A sense of privilege emerged within the prosperous middle class who began to perceive themselves as the pillars upon which modern Venezuela was standing. The country evolved into a "nation whose social identities and political interests were segregated between those who benefited from the circulation of oil wealth, and those who were cut off from the benefits from not only the oil industry per se, but also a whole array of social, cultural, and political arrangements conjured up in its orbit."⁶

In the 1980s, oil prices fell by more than half putting the oil dependent Venezuela under increasing economic strain. Having borrowed on the basis of anticipated future oil prices, Venezuela was driven into serious foreign debt. In February 1989, immediately after his reelection, Andres Perez was forced to negotiate a deal with the IMF which provided the government monetary aid under the condition that structural adjustments more in line with the IMF's neoliberal stance would be made. These adjustments included the removal of price controls on certain basic commodities in addition to sharp price increases of state-produced goods and services such as electricity and gasoline. The first phase of Perez's structural adjustment reform led to the largest and most violently repressed revolt against austerity measures in Latin American history. This massive riot in Caracas would be known as Caracazo, or the big one in Caracas, and would mark the beginning of an end to the dominant two-party system created by the Puntofijo pact.

⁵ Tinker, Miguel S. 2009. *The Enduring Legacy. Oil, Culture, and Society in Venezuela*. Durham and London: Duke University Press.

⁶ Strønen I.Å. (2017) A History Written with Oil. In: Grassroots Politics and Oil Culture in Venezuela. Palgrave Macmillan, Cham

The Presidency of Hugo Chavez

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After a failed military coup in 1992, Hugo Chavez, a left-wing activist who heavily criticized the partyarchy of AD and COPEI and founded the United Socialist Party (PSUV), was officially elected to office in 1998. He ran on a platform that pledged to eliminate corruption and enact much needed constitutional reform. Prior to his election, the socio-economic crisis of the 1980s had generated a wave of popularized resistance and public protest. These protests were met with violent repression by state security forces often culminating in arbitrary imprisonments and short-term detentions, "disappearances," killings, and torture. The socio-economic crisis resulting from falling oil prices coupled with the neoliberal policies enforced by the IMF package and the violent repression of the predominately poor popular sector, sowed the seeds for a revolution against Venezuela's elite-controlled liberal democracy. This revolution would come to be known as the Bolivarian revolution and its purpose amplified by Chavez's political message. Chavez introduced a new constitution that adopted a socialist economy and radical socialist

policies aimed at redistributing the oil wealth to the previously excluded lower class of Venezuela. During Chavez's 14 years in power poverty was significantly reduced and notable improvements in literacy rates were made. As positive as these social reforms were, they still relied entirely on oil revenue and could only be maintained as long as oil prices were high.

The Presidency of Nicolas Maduro

After Chavez died of cancer in 2013, his handpicked successor Nicolas Maduro, a former bus driver and trade unionist, rose to power. Oil prices dropped again in 2014 and the new Maduro government did not have enough money for food or medicine imports rendering nearly 32 million inhabitants unable to afford food or receive adequate medical care. Maduro attempted to combat this economic crisis by printing money, however, this only led to unprecedented levels of hyperinflation which hit 1 million percent in 2018.

Beginning in 2014, the detreating Venezuelan economy led to the eruption of large-scale anti-government protests predominately by the middle-class. In 2015, the opposition Democratic Unity Roundtable which included the parties AD and COPEI secured a majority in the National Assembly. Fearing this empowerment of the opposition, Maduro manipulated supreme court appointments and nullified the National Assembly. This would mark the beginning of Maduro's transition into a more authoritarian government and away from the participatory democracy sought by the Bolivarian revolution. In 2017, Maduro announced plans to hold elections for a new legislative body. This constituent assembly would have sweeping powers to rewrite the constitution and dissolve the National Assembly entirely. This announcement was met with months of deadly anti-government protests beginning in April 2017.

Despite protest, Maduro was reelected to a six-year term in May 2018 in an election deemed "illegitimate and lacking in credibility" by the international community. Two weeks after Maduro was sworn in, the National Assembly declared the election

illegitimate and opposition leader Juan Guaidó announced that he would assume office as interim president until free and fair elections could be held. Tens of thousands of protesters rallied in support of Guaidó who has been recognized as the legitimate head of state by, the U.S, Canada, and many Latin American and European countries. Maduro, however, has refused to step down and continues to receive support from Russia and China. He also maintains close ties with Cuba who view themselves as united against US imperialism.

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