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Political Unrest in Venezuela

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INTRODUCTION

In the coming months, Venezuela could experience significant political unrest and violence that lead to the further curtailment of democracy in the country. Presidential elections are scheduled to take place on October 7, 2012. President Hugo Chavez is in the midst of a tough reelection campaign against Henrique Capriles Radonski—the young and energetic governor of the state of Miranda—who enjoys multiparty support and appears to have a better chance of defeating the incumbent than earlier challengers.

Over the course of the past year, Chavez and several of his most senior associates have asserted that there will be instability and violence if he is not reelected. At the same time, Chavez is battling cancer, but he has shared little information with the public about the state of his health beyond the fact that he has twice been treated for the disease since spring 2011. Speculation about Chavez's health problems has generated considerable uncertainty among his supporters, especially since he has not anointed a successor. Should Chavez appear to be losing the election, die suddenly, or withdraw from public life for health reasons, tensions are likely to rise in Venezuela, especially if the public suspects that Chavez has used extra-constitutional means to preclude or invalidate an opposition victory in order to sustain his regime's hold on power. Protests over such actions, which could turn violent, may in turn lead to the imposition of martial law and the further curtailment of democratic rights in Venezuela. This would almost certainly trigger a major political crisis in the Western Hemisphere that pits countries seeking to restore democracy and the rule of law in Venezuela—including the United States—against those who support Chavez and the principle of noninterference in the internal affairs of other states. Longstanding U.S. efforts to promote good governance in Latin America as well as cooperation on a range of political, economic, and security challenges in the region would be threatened as a consequence.

Accordingly, the United States should seek free and fair elections in Venezuela. If Chavez or a replacement candidate is defeated, it should offer to help promote an orderly, peaceful transition. If Chavez is reelected in a process judged acceptably free and fair, the United States should seek to reset the bilateral relationship with an eye toward the eventual renewal of high-level communication on areas of mutual interest. If the election results appear fraudulent or apparently legitimate results are nullified, the United States should encourage international pressure to restore democracy and suspend bilateral business as usual until a legitimate government is restored.

THE CONTINGENCY

Political unrest leading to a suspension of democracy before or after the upcoming elections in Venezuela is not inevitable. If Chavez can participate in the campaign and win convincingly in what is

accepted as a free and fair election, while seeming sufficiently healthy to govern, the opposition will likely concede and violence will be avoided. If Capriles wins convincingly, is recognized internationally as the victor, and can reassure Chavistas of his intention to work for the benefit of all, trouble also may be averted. Although Chavez has indicated he will respect the results of the election, most plausible scenarios for instability and conflict in Venezuela derive from the premise that the Chavistas will not willingly surrender power and would be willing to provoke violence, orchestrate civil unrest, or engage in various forms of armed resistance to avoid doing so. This is the real danger surrounding the current campaign and it extends beyond the election itself because of the questions concerning Chavez's health. There is nothing to indicate the opposition has the will, wherewithal, or weapons to challenge the Chavistas through violence. That said, student-led protests over the closing of the national television channel RCTV set the stage for the defeat of the Chavez-sponsored constitutional referendum of 2007. There is no evidence to suggest any opposition effort to arm or organize militarily.

Chavez, on the other hand, has worked assiduously to inculcate supporters with the notion that a Capriles victory would be achievable only through deception, collusion with the remaining independent media, and covert U.S. support. The Chavez government also insists that an opposition victory would result in the termination of the popular Chavista social programs known as *Misiones Bolivarianas* (commonly known as *misiones*) and would return to power the elites who had earlier governed Venezuela. Chavez has added huge numbers of workers to the government payroll and extended direct government benefits to many other low-income Venezuelans. Further complicating matters, Chavez has announced an economic plan for his next term that would accelerate dismantling the private sector economy, putting those who defend democratic pluralism, free enterprise, and private property on notice of his intention to complete Venezuela's transformation into a socialist state. More than a year ago, his brother Adan Chavez, governor of the state of Barinas, publicly advised Chavez's supporters that they might need to defend the Bolivarian Revolution by force of arms.

Given current circumstances in Venezuela, several plausible scenarios could trigger significant political unrest that degenerates into violence:

- *Chavez's defeat on October 7 looks likely before the election.* Street violence erupts either spontaneously or at the instigation of Chavez's allies in the government. The government declares a state of emergency and postpones the election. The suspension of civil liberties following such a declaration may last for ninety days and can be renewed. The state-controlled media would likely endorse the temporary imposition of martial law as necessary to preserve order and the revolution. Such actions, however, could precipitate widespread clashes with opposition supporters, particularly where there are military and National Guard deployments.
- *Chavez wins the election—or plausibly claims to win—and almost immediately dies or withdraws from public life for health reasons.* A state of emergency is declared. New elections are required but also new candidates. Since none of Chavez's chief lieutenants appears to enjoy sufficient public support to assure election, cracks begin to appear in the Chavista movement that prove difficult to reconcile. It is also possible that the opposition splinters. In many respects Chavez holds the opposition together much as he does his own coalition.
- *The election is held and Capriles wins.* Government workers and the beneficiaries of *misiones* riot before Capriles can be inaugurated. An apparently lame-duck Chavez declares a state of

exception and postpones the inauguration. The perception that the government had manufactured a justification for setting aside a Capriles victory would lead to widespread demonstrations by Capriles supporters. An angry, resurgent opposition, convinced it was in danger of having its triumph stolen, would be vulnerable to Chavista provocation. Clashes between opposition supporters and the Chavista faithful would occur.

- *Capriles wins and is inaugurated.* Strikes by *Petroleos de Venezuela* (PDVSA) oil workers paralyze oil production. Chavistas at all levels of government resist the new administration's efforts to implement its own programs and/or jettison moribund Chavista projects. Government workers are encouraged by Chavista media to see Capriles's efforts to cut the government's swollen payroll as a purge. This is particularly likely at PDVSA, the state oil company, which has doubled its workforce since the strike of 2003 even though oil production has stagnated at well below pre-strike levels. The military intervenes, and supporters of the new government take to the streets.
- *The election is held and the results are too close to call or are unacceptable to the government.* The Electoral Tribunal delays announcing the results. Both the opposition and Chavez's supporters take to the streets. The Chavista base fears a loss while the government seeks a way to avoid acknowledging a defeat. The opposition fears a manipulated outcome. The Council of State or the somewhat vaguely constituted Anti-Coup Command denounces efforts to subvert the election or destabilize the country while Chavez or an interim president declares a state of exception. Street violence erupts and is attributed to the opposition.

Although the government has enjoyed extraordinary advantages in terms of both resources and media access, most observers expect the vote count on election day to be largely accurate given the experience of the legislative elections of 2010 and the referenda votes of 2007 and 2009. The great unanswered question is how the government will react if it appears Chavez has lost. Unrest and violence, should it occur, is likely to be concentrated in the cities and to take the form of a rise in street protests and a spike in violent criminal activity—Venezuela has one of the world's highest homicide rates—accompanied by political hooliganism and possibly sabotage of public services. The point of instigated violence would be the creation of circumstance sufficient to justify a suspension of civil liberties, postponement of the election, or, following a vote, invalidating the results of October 7. Spontaneous violence emanating from Chavez's supporters remains a real possibility if it appears that the Bolivarian movement has or is about to suffer a reverse at the polls. A preemptive move by the military cannot be categorically ruled out but seems unlikely unless the security situation in the major cities threatens to unravel. Another possible aim of any Chavista-choreographed instability, if recognition of defeat were unavoidable, would be to force a brokered transition to an opposition administration such as occurred in Nicaragua following the election of Violeta Chamorro.

WARNING INDICATORS

A range of developments could indicate one of the aforementioned scenarios for violence.

- *Chavez dies or an announcement is made that his death is imminent.* The possibility of violence would be particularly high if Chavez died or announced his resignation for medical reasons after being reelected.

- *Violent crime is allowed to surge in the major cities before the election.* Irregular armed groups violently harass the opposition and/or seek to disrupt Capriles's political events.
- *Weapons are distributed to the militia.* Military units are repositioned. After the abortive coup of 2002 (though not immediately after), Chavez created a national militia, organized outside the formal military chain of command and drawn from the social and economic strata in which Chavez's support is strongest. Weapons for the militias, however, remain under the control of the regular military. Arming the militia would be tantamount to putting military weapons in the hands of the Chavista base.
- *Basic food items disappear.* Private businessmen are accused of hoarding and their businesses are expropriated. Stocks of staples are perpetually low at present in Venezuela because of Chavista penalties for hoarding in reaction to price controls.
- *Remaining independent media are closed and/or prominent journalists are detained.* The independent media have been under pressure by Chavez since 2006. Most that remain are critical of the government.
- *Sharp divisions within Chavismo surface publicly, suggesting insiders know Chavez is failing.* There are persistent rumors of tensions among prominent senior Chavistas, several of whom have been perceived as jockeying to position themselves as Chavez's logical successor.
- *A senior political figure close to either Chavez or Capriles is assassinated.* Though the homicide rate in Venezuela is high, political assassination is rare.
- *Local supplies of gasoline are interrupted.* Most Venezuelans, especially poorer Venezuelans, consider cheap (pennies per gallon) gasoline a birthright. Efforts to raise prices in 1989 caused violent riots in the capital. The government via PDVSA controls the supply of gasoline, and an interruption of supply would likely enrage segments of the population.

IMPLICATIONS FOR U.S. INTERESTS

Political instability and violence in Venezuela would damage U.S. efforts to promote democracy, increase regional cooperation, combat narcotics, and protect its economic interests in the region.

Democracy promotion: The United States has worked for decades to promote democracy in the Western Hemisphere. In recent years, Chavez has become increasingly authoritarian, undermining important political institutions, giving more powers to the presidency, and weakening both civil society and the independent media. The United States should view a suspension or further deterioration in the quality of Venezuela's democracy as a setback for U.S. policy and for the hemisphere. The emergence of a military junta or a compromised Chavez regime would also likely increase Iranian and Cuban influence in Venezuela. It already has a close relationship with Iran from which it reportedly receives advanced weapon systems and other assistance. Cuba sends thousands of teachers and technical, medical, and security advisers in exchange for an estimated ninety to one hundred thousand barrels of oil per day.

Regional cooperation: The United States has an interest in nurturing regional cooperation particularly under the auspices of the Organization of American States (OAS), of which it is a core member. While often disappointing to both the United States and Latin America, the OAS provides the only regional forum in which all of the countries with democratically elected

governments participate. A failure by the OAS to play an effective role in Venezuela if it appears democracy is at risk would further undermine support for the organization both in the region and in the United States. How the United States manages its relations with Venezuela if violence does break out would likely affect U.S. relations with others in the hemisphere, especially Brazil, which has cordial relations with Chavez and reacts badly to perceived U.S. efforts to dictate to Latin America. A repetition of the acrimony that characterized the hemisphere's efforts to resolve the Honduras crisis of 2009 would be corrosive to U.S. relations with the region.

Counternarcotics: Venezuela does not cooperate with the United States on counternarcotics, except at the most minimal level. Drug trafficking has, consequently, surged. A number of Venezuelan military officers, including the current minister of defense, have been plausibly accused by the U.S. Treasury of cooperating with the Colombian insurgent group *Fuerzas Armadas Revolucionarias de Colombia* (FARC) and facilitating drug shipments through Venezuela, especially from Apure State. Venezuelan recalcitrance in counternarcotics clearly undermines other regional efforts to combat the drug trade. Even low levels of violence would create new opportunities for the FARC and other drug traffickers to retrench and extend their reach.

Economic interests: A significant number of U.S. companies have operations in Venezuela; it remains an important market for U.S. goods and some services, especially oil services. Many of these companies could be at risk if violent internal conflict broke out. Venezuela is consistently among the five largest foreign suppliers of oil to the United States. The United States is Venezuela's largest market, buying up to nine hundred thousand barrels of oil daily, up to 45 percent of Venezuela's total oil exports. Around six hundred thousand barrels of Venezuelan crude per day are refined at CITGO facilities in the United States. Although a cut off of Venezuelan oil to the United States is theoretically possible, it is unlikely given Venezuela's dependence on the U.S. market.

The United States is now less vulnerable to a cut off of supply from Venezuela as U.S. domestic production has risen and imports from elsewhere could relatively quickly replace Venezuelan oil. Venezuela's economy, on the other hand, has become more dependent on petroleum. Although production has stagnated since 2003, oil accounts for over 95 percent of Venezuela's export earnings, and export revenue pays for nearly 50 percent of the government's budget. Thus, although Venezuela is vulnerable to pressure via its dependence on its oil exports generally and the U.S. market and refineries specifically, global markets would likely react negatively to either an interruption of Venezuelan production or a crisis in U.S.-Venezuelan relations that threatens the bilateral trade in oil.

PREVENTIVE OPTIONS

Two factors seem most likely to dissuade leading Venezuelan actors from violence: scrutiny of the electoral process and a clear sense that the rest of the Western Hemisphere would not countenance an attempt to subvert or set aside the outcome of a legitimate vote. All Western Hemisphere international organizations make having a fully functioning democracy a necessary precondition to full participation. Chavez's influence (beyond oil revenue) has always rested in large part on the

perception that he is legitimately elected and enjoys a popular mandate. The options to prevent instability in Venezuela include the following:

Regional/bilateral: The United States could urge Brazil, Colombia, and other countries in the region to press for transparency and compliance with the highest possible standard of election administration and to press Venezuela to permit exit polling, quick counts, and other mechanisms for independent validation of the electoral results. Brazil, in particular, has influence with the Chavez government and seeks to play more of a leadership role globally and in the hemisphere. Instability, violence, or an interruption of democracy in Venezuela would hurt Brazil's geopolitical ambitions as well as its extensive business interests. It would also be problematic for the Southern Common Market (Mercosur), which recently made Venezuela a full member. (Mercosur requires members to be fully functioning democracies and recently suspended Paraguay after the Senate there removed the sitting president under circumstances that other members considered questionable.)

Extra-regional: The EU (and especially Spain), Japan, and China all have significant investments in Venezuela that would be at risk in the event of an internal conflict. Interested stakeholder countries could be encouraged to make clear that free and fair elections in Venezuela, and an orderly transition if Chavez loses, are important to the global community. (China, however, while having a growing stake in the Venezuelan economy, is unlikely to agree to pressure Caracas.) Electoral authorities in democratic capitals could be encouraged to review with the media the criteria for judging the quality of election administration.

Multilateral: The Venezuelan government declined to invite substantial international observation and the deployment of a robust international mission is most likely impractical now except for the Union of South American Nations (UNASUR). Nevertheless, the United States and other hemispheric partners could press the OAS to insist that the Venezuelan government permit the accreditation of interested diplomats and other volunteers as election observers and to permit international media-facilitated access to voting sites. In the event a new election was necessary for any reason, the OAS could push for early deployment of an international observer mission. (International observation and other steps to guarantee transparency were precisely the elements Chavez considered necessary for a free and fair election when he first ran for the presidency in 1998.)

MITIGATING OPTIONS

In the event that the government either orchestrates or takes advantage of a violent popular reaction to Chavez's defeat, death, or incapacitation to suspend civil liberties and govern under a renewable state of exception, the United States could take or encourage several steps in order to accelerate a return to democracy. The likelihood of success for unilateral U.S. efforts is low; multilateral efforts that include other important regional players are far more likely to influence Venezuelan behavior.

Diplomatic Options

- Together with like-minded nations, the United States could demand that the OAS declare Venezuela in breach of its obligations as a signatory of the Inter-American Democratic Charter and encourage a secretary-general–led mission to Caracas. (Note: It would be difficult to generate a consensus condemnation of Venezuela at the OAS but the secretary-general can undertake such a mission on his own authority. A secretary-general–led mission would still require Venezuelan acquiescence to enter the country.) Venezuela would understand that if regional and subregional organizations determine that the country is no longer a functioning democracy, it will be suspended, as has happened recently with both Honduras and Paraguay.
- The United States could bring the issue of Venezuelan democracy to the United Nations Security Council and urge the UN to endorse a fact-finding mission or to explicitly endorse regional efforts to restore democracy.
- With other international partners, including the European Union, the United States could support offers to mediate.
- If it proves difficult to get the OAS or UN involved in mitigation efforts, the United States could propose a delegation of foreign ministers to travel to Caracas to engage the Venezuelan authorities.
- The United States could suspend visas for all individuals (officials and nonofficials, government and opposition) perceived to be involved in precipitating violence or undermining democracy; or suspend normal visa adjudication services at the U.S. embassy pending a resolution of the crisis.

Economic and Financial Options

- In the event of violence or an interruption of democracy, the United States could freeze individual bank accounts of key figures involved or responsible and seize assets in the United States. It could also arrange for the proceeds of Venezuelan government–owned corporate entities like CITGO to be held in escrow accounts until democracy is restored and encourage other important trading partners (i.e., Canada, Spain, France, Brazil) to do the same.
- If other forms of pressure fail to have an effect, the United States could block access to CITGO’s refining facilities in the United States and consider prohibiting PDVSA oil sales to the United States while the government’s status is uncertain.

Military Options

- The United States could encourage other Latin American militaries, as well perhaps as the Spanish, to communicate to the Venezuelan military the importance of complying with constitutional mandates, respecting human rights, and preserving democracy. While Chavez loyalists dominate the Venezuelan high command, it is not clear to what extent they control the middle ranks. Nor is it clear to what extent the military’s loyalty to Chavez’s Bolivarian movement would trump other considerations. In the abortive coup of 2002 the military temporarily removed Chavez but also restored him to power.
- Direct military involvement appears inappropriate. The United States has never unilaterally intervened militarily in a South American internal conflict (criticisms of Plan Colombia

notwithstanding) and to do so now would likely unite most of South America behind Chavez and/or his successor. Most Latin American countries are profoundly reluctant to intervene or even comment on the internal affairs of their hemispheric neighbors. Even multilateral military intervention in any but the direst circumstances (Haiti) is all but unthinkable.

RECOMMENDATIONS

As the election approaches, the United States needs to emphasize publicly as well as privately the importance for the hemisphere of free and fair elections in Venezuela. The United States should restate its interest in renewing cooperation in areas such as counternarcotics and emphasize the continuing complementarities of the U.S. and Venezuelan economies. While the United States should emphasize the U.S. view that only Venezuelans can solve Venezuela's political problems, it should also encourage democratic countries in the region to make clear the hemisphere's concern that democracy be preserved, basic political liberties be respected, including press freedom, and violence be avoided. The importance of transparency in administration of the elections and verification of results should be stressed. At the same time, U.S. policymakers should avoid feeding the Chavista narrative that the United States is plotting the overthrow of the Bolivarian Revolution. More specifically, the United States should take the following steps as soon as possible:

- Reach out to important regional and extra-regional partners now to gauge their likely response to instability, particularly those countries that would be most directly affected (i.e., Brazil, Colombia, and the EU), and convey a sense of the range of options the U.S. government would entertain in the event of an outbreak of violence and/or interruption of democracy. It will be particularly important to engage Brazil and its Mercosur partners early because of their close relations with Chavez to minimize the possibility of misunderstandings arising between them and the United States. This should include proactively sharing information that would signal Venezuelan preparations for violence or manipulation of the electoral outcome.
- Begin identifying important actors (military and civilian officials as well as opposition figures) now whose visas would be canceled and accounts frozen in the event that they are linked to political violence and/or an interruption of democracy.
- Work to build awareness at the UN, in Europe, and in Japan of what is happening in Venezuela and attempt to organize a coalition of partners to limit an illegitimate Venezuelan administration's access to government assets held abroad as well as to the international financial system.
- Continue to stress directly to the Venezuelan government as well as publicly that the United States will accept and be prepared to work with a legitimately elected government, including one headed by Hugo Chavez or a Chavista successor, provided the election is free, fair, and constitutional.
- Leverage defense department contacts in Latin American and Spanish armed forces to communicate to the Venezuelan military leadership that they are obliged to uphold their constitution, respect human rights, and protect their country's democratic tradition.

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