

The Hugo Chávez act is starting to wear thin, but does the U.S. State Department have an effective game plan to take advantage of his predicament?

Rising Anti-U.S. Populism

BY CHRISTOPHER WHALEN

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888 16th Street, N.W.
Suite 740

Washington, D.C. 20006

Phone: 202-861-0791

Fax: 202-861-0790

www.international-economy.com

With July's disputed presidential election in Mexico, where the conservative PAN party won a plurality of less than 40 percent of the vote, it would be a mistake to believe that the leftist political resurgence seen throughout the region during the tenure of President George W. Bush has crested. Since the approval of the NAFTA pact in 1994, the nations of Latin America have reacted to and in some cases against Washington's free trade agenda, helping propel political wins by the left in Brazil, Chile, Peru, and Venezuela.

Free trade, it seems, is great for the economists and politicians and business leaders who promote it, but bad for most other people, especially the majority of people in the nations of Latin America who are poor and who live on the margins. From auto workers in Michigan to *campesinos* in Costa Rica, waves of economic dislocation caused by competition with the low-wage nations of Asia are causing significant political shifts throughout the region—and the world.

Is it an accident that the rise of populism in Latin America comes at a time when global competition for jobs and investment is intensifying? The stresses of global free trade are hitting many nations of the region very hard, attacking the civic infrastructure

Christopher Whalen is managing director of Institutional Risk Analytics and technology editor of TIE.

Chávez Act Becoming Tiresome?

Hugo Chávez was overwhelmingly elected president in 1999 and re-affirmed in a no-confidence vote in August 2004, but that result has ensured neither stability nor prosperity. When Hugo Chávez took power in January 1999, oil was \$8 per barrel; today the price exceeds \$70 per barrel. Yet despite this vast increase in Venezuela's export income, Chávez has managed to alienate foreign investors and accelerate both inflation and the rapid deterioration in living standards among his country's poor—once his most powerful and reliable base of political support.

The key thing to understand about Chávez, however, is that he cares nothing about economic statistics or trade, the currency of modern politicians. His goal is power, the legacy of a life spent as a soldier and a political demagogue. This is not to suggest that Chávez and his collaborators are not sacking the Venezuelan treasury; sources in-country confirm that self-enrichment remains a great tradition. But behind the façade of popular rule lies a closed and increasingly paranoid regime, protected by a praetorian guard of Cuban military and security personnel.

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of some of the most established Latin American societies and creating opportunities for populist leaders to seize power outside established democratic processes. The most often cited culprit, China, features wage levels one-tenth those of Mexico, a relatively high-wage market in the Central American chain.

You also could include Bolivia, Uruguay, and Argentina on the list of nations that have seen leftward shifts in their political economies, but we must distinguish among the different flavors of leftist or *isquierdista*. The Cuba-style socialist experiment of Hugo Chávez in Venezuela is very different from Michelle Bachelet's left in Chile, which has no agenda for fomenting regional revolution. Peru, Chile, and Colombia have free trade agreements with the United States and have apparently

embraced free market economics, this in opposition to Venezuela, Bolivia, and Cuba, where the state is the center of all economic activity.

"Bottom line is we have no problem with responsible leftist governments that embrace democracy, free market policies, and want to provide a better life for their people," says one Bush Administration official with responsibility for regional policy. "It is the totalitarian states, where we see dictators use populism to get themselves voted into power, which are an increasingly dangerous crowd."

GROWING DISLOCATION

Overtly pro-U.S. leaders like outgoing Vicente Fox in Mexico (as this article went to press, the Mexican poll remained contested) and Oscar Arias of Costa

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Rica to the free trade line set in Washington, but it is impossible to ignore the growing dislocation and poverty visible in both of these relatively stable, democratic societies—especially in once idyllic Costa Rica. Rising crime, illegal drug trafficking, and underground economic activity is undermining the rule of law in Costa Rica and in the nations throughout the Central American region. This slow wasting process, which at least partly has its roots in dislocation caused by the noxious combination of free trade and the mercantilist trade policies of China and the other Asian economies, is manifest by a steady northward migration of displaced humanity which begins deep in Latin America and streams up the Central American peninsula to the paradise known in Mexico as *gringolandia*.

“Besides having lost its reputation for honest government, Costa Rica is also losing its long-standing position as a land of social equality,” writes

Stephen Kinzer in the *New York Review of Books*. “Between 1988 and 2004, according to a new study, the income of the richest citizens doubled, while that of the poorest grew by just 7 percent. In a country once famous for its tranquility, barbed wire, barred windows, and private security guards now protect many homes and businesses. Surging immigration from Nicaragua has strained the labor market and the national budget. Casino gambling and prostitution are not only thriving but ever more visible, and beggars, once all but unknown, are a common sight. Public hospitals are deteriorating as a result of reduced government spending. The two-party system has broken down, and new parties have sprung up to compete for the votes of an unmoored electorate.”

CHIEF NEMESIS

Though many of the political shifts in the region to some degree mark a natural reaction to the success of conservative, free-market tendencies in many Latin nations, the rise of a Marxist-Leninist government in Venezuela marks a worrying departure from peaceful political process. More than Fidel Castro’s prison island of Cuba ever was, Venezuela under President Hugo Chávez is an overt threat to the interests of the nations of the Americas and is aided and abetted, ironically enough, by the growing economic dislocation caused by *libre comercio*.

In May, as the United States decided to restore diplomatic relations with Libya, the U.S. government banned Venezuela from all military sales and added one of the largest suppliers of oil to the United States to the list of terrorist states such as North Korea, Iran, Syria, and Cuba. This turn of events, pitting Washington and Caracas against one another as enemies, could not be imagined just a

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The Rise of Bolivia's Evo Morales

*The first conquest by the Castro-Chávez axis was Bolivia under **Evo Morales**, who has already shown his radical intentions by nationalizing the nation's gas reserves and production facilities. However, Morales' socialist agenda hit a potential snag in July after leaders in Bolivia's wealthiest regions voted for autonomy and his party failed to gain full control of an assembly elected to draft a new constitution.*

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VALTER CAMPANATO/ABR.

few short years ago. Even Chávez, in his wildest dreams of Bolivarian revolution, could scarcely ever imagine being positioned as the chief nemesis to the great colossus of the North.

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Like Costa Rica, Venezuela used to be hailed as a leading democratic nation, with a strong civil society, but today it is a democracy only in name. Hugo

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Chávez was overwhelming elected president in 1999 and re-affirmed in a no-confidence vote in August 2004, but that result has ensured neither stability nor prosperity. Many analysts in the opposition believe Chávez rigged the 2004 result by manipulating the algorithms in the computerized voting machines. But regardless of the poll results, Chávez retains power and does not even pretend to govern democratically.

With the help of an extensive security apparatus assembled and operated with the direct assistance of the Cuban military, Chávez systematically emasculated those of his political opponents who had not already flown the country, while securing (mostly buying) the support of the security forces. He controls all the elements of government including the National Assembly, the Supreme Court, the National Electoral Board, the central bank, and the Public Defender's Office. The checks and balances which characterize a democracy are non-existent. PDVSA, the state oil company, is Chávez' personal bank, to do with as he wishes.

COMPLETE CONTROL

The key thing to understand about Chávez, however, is that he cares nothing about economic statistics or trade, the currency of modern politicians. His goal is power, the legacy of a life spent as a soldier and a political demagogue. This is not to suggest that Chávez and his collaborators are not sacking the Venezuelan treasury: sources in-country confirm that self-enrichment remains a great tradition. But behind the façade of popular rule lies a



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“Nothing here is stable,” notes Jack Sweeney, a veteran journalist and consultant who lives in Caracas. “Behind the neo-socialism of Chávez is a political system where there are few alternatives. The old elites are long gone and a new group, long deprived of opportunity, is in control. The new gang of crooks is stealing more than ever before, but the civil society is in tatters. There is no judiciary, no civil or administrative controls. People’s priorities are ‘roof, food, and security,’ translated from the local vernacular, a situation that makes it easy for the security forces to maintain some semblance of order, at least for now.”

Sweeney confirms other reports of the loss of almost half of all private sector jobs in Venezuela since the rise of Chávez and speculates that the future is likely to be very difficult. “Oil is now

everything in Venezuela,” he opines. “The country is increasingly dependent on oil income, but there is little in the way of new investment, or new contracts in the oil sector. And Chávez is in complete control.”

Even more than Costa Rica and other nations in the region, Venezuelan society is beset by a vast surge in corruption, crime, and violence. Caracas is now by far the most dangerous city in the Western hemisphere, a reality this writer confirmed during several business trips to Caracas over the past four years.

As the last vestiges of the colonial society disintegrate, it is almost as though the jungle is preparing to swallow Caracas like antibodies engulfing a foreign body. Public services are failing and the police are just barely able to maintain order in the city of three million people. Yet the security forces have more than sufficient energy to track those few viable political leaders who might challenge Chávez and his cronies. Our colleague Walter Molano wrote in the *Latin American Adviser* in May of this year:

“Venezuela’s homicide rate doubled since the 1990s, and it is higher than Colombia’s—which is in the midst of a civil war. Much of the crime is being perpetrated by members of the police or organized bands. There has been a massive infiltration of Colombian narco-traffickers into Venezuela’s major urban centers. Well-known members of the Colombian drug cartels are openly operating in Venezuela. The same is occurring with members of the FARC and paramilitaries. Colombian guerrillas always used Venezuela’s border areas as safe havens to

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escape if they were in hot pursuit. However, given the improvements in Colombia's equipment and tactics, many narco-traffickers and guerrillas were forced to move their permanent bases to Venezuela. This criminal element is debasing Venezuelan society and corrupting the state. President Chávez severely undermined Venezuela's institutions when he took office, purging the military of disloyal officers, sacking the courts and scaring away the private sector. Now, the last vestiges of power are being infiltrated by the worst sort of criminal elements."

The street gangs feel empowered because they see Chávez as one of them. They see Chávez as their protector and they think it is okay to steal from their fellow *venezolanos*. Chávez has pitted the "haves" against the "have nots" in the society. Venezuela's police, now entirely politicized, look the other way when criminals who pledge Chávez their support ransack private businesses and homes.

VENEER OF LEGITIMACY

The next step at home is for Chávez to permanently secure his rule. Presidential elections are scheduled for December 2006, and Chávez' control of the election apparatus will ensure his victory. He needs elections in order to maintain a veneer of democracy that will legitimize his government and stave off international pressure. Some sources say Chávez is financing some of the opposition candidates just so he can claim he is the legitimately elected president of Venezuela.

This is true in the case of leading opposition candidate Teodoro Petkoff, a former communist guerrilla in the 1960s turned politician, who traveled to Cuba for consultations with the bearded one after attending Michelle Bachelet's presidential inauguration in Chile earlier this year. On June 30, the *New York Times* ran a flattering feature article describing Petkoff as a viable challenger to Chávez, but local observers think otherwise: that Petkoff may simply serve as a foil for Chávez' re-election.

Another candidate is Manuel Rosales, the governor of Zulia state, who is being pressured to run out of fear that Chávez may trump up charges against him, as he has done to numerous other opponents. Julio Borges is the third opposition candidate and he seems to be content to just make a name for himself in a fixed election that Chávez cannot lose.

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Some say the best thing the opposition could do is to stay home on Election Day and not participate in the fraud. This happened with the December 2005 National Assembly elections, and the end result was a National Assembly which is 100 percent pro-Chávez but lacks any respect or legitimacy in Venezuela or abroad. This outcome so enraged Chávez that he reportedly had a nervous breakdown.

REACHING OUT

Having consolidated his position at home, Chávez feels empowered to export his revolution to other nations in the region. He has supported leftist nationalist candidates (the more extreme, the more to his liking) in almost every country in Latin America with money, experts, and propaganda. He has joined up with his mentor, Fidel Castro, to help realize the *Lider Maximo's* dreams to bring down America. In that sense, the objectives of the al Qaeda terrorist organization and the Castro-Chávez axis are in perfect alignment.

Nations like Brazil and Argentina stand nervously by Chávez, hoping they can control him and fearing they cannot. The first conquest by the Castro-Chávez axis was Bolivia under Evo Morales, who has already shown his radical intentions by nationalizing the nation's gas reserves and production facilities. However, Morales' socialist agenda hit a potential snag in July after leaders in Bolivia's wealthiest regions voted for autonomy and his party failed to gain full control of an assembly elected to draft a new constitution.

In Peru, Chávez narrowly failed in May when his extreme nationalist candidate, Ollanta Humala, lost by 5 percent to center-left candidate Alan García. In the case of Mexico, the fact that six out of ten voters supported leftist candidates shows what the future holds in that nation of 120 million people. Washington can take little comfort in the election because it only confirms that the populist forces sup-

ported by the Castro-Chávez alliance are within reach of achieving power in Mexico, the ultimate U.S. security nightmare.

Next in his sights is Nicaragua, where Chávez hopes to employ the same formula, using populism to get leftist leaders democratically elected by a large disenfranchised portion of the population, then systematically impose control measures to consolidate power and snuff out the opposition. More than in Costa Rica or Colombia, Nicaragua's economic and civic institutions are crumbling, creating a fertile environment for Chávez to spread his brand of anti-U.S. populism.

To aid in his quest, Chávez has teamed up with the world's nastiest regimes and organizations—a who's who of terrorists and extremists. To be Chávez' friend and qualify for good oil deals, the only criterion seems to be that you are against the United States and the free market system. Besides Cuba, some of Venezuela's allies include Mahmoud Ahmadinejad in Iran, Robert Mugabe in Zimbabwe, Muammar Khadafi in Libya, Kim Jong Il in North Korea, Bashar al-Assad of Syria, Aleksandr Lukashenko of Belarus, the FARC guerrillas in Colombia, and the Hamas regime in Palestine.

COLLISION COURSE

Why has the Bush Administration failed to confront the growing threat in Venezuela even as Hugo Chávez expands his influence? President Chávez does not waste an opportunity to wail against the United States in general and President Bush in specific. But have no doubt, say U.S. State Department sources, that Chávez is on a collision course with the United States. One of these days, he is bound to overstep his bounds and find himself in a situation even he cannot explain away.

Chávez is safe for now because the United States is too overextended politically around the globe to focus on Venezuela, with commitments in Iraq and Afghanistan and worries about a near-nuclear Iran and a nuclear North Korea (among other issues). But if and when the United States acts against Chávez, it will be in response to a miscalculation on Chávez' part, when his maniac ego makes him go too far, and brings down the wrath of the U.S. military.

Chávez never openly provokes the United States but deviously works to "erode the position of his enemies," a U.S. official told this writer two years ago while reporting for an earlier article on the Chávez phenomenon for *Insight on the News*.

With the United States enforcing an embargo on military exports to Venezuela, Chávez has expressed a desire to purchase Sukhoi fighter aircraft from Russia, a ridiculous decision that illustrates Chávez' desire for personal gratification. Even as his popularity wanes at home, he constantly clamors for attention on the international stage, inserting himself into the internal political affairs of neighboring countries at every opportunity.

In Bolivia, for example, the influence of Chávez in the election of President Evo Morales has been enormous. "The main opposition party, Podemos, has focused on fears that his chumminess with oil-rich, Cuba-friendly Venezuela threatens Bolivia's independence," reports Associated Press. "Podemos calls Venezuela's growing influence in Bolivia a threat to national sovereignty—Venezuelan Air Force helicopters ferry Morales around, and Venezuelan military planes have flown in at least a dozen times."

Sadly, the Bush Administration has no apparent strategy and/or policy to deal with the Venezuela problem—other than waiting Chávez out until he self-destructs or Venezuelans themselves take care of him—an outcome he has forestalled by co-opting the military and importing thousands of Cuban military advisers.

"The charm of Chávez is clearly wearing thin among Venezuelans," says Sweeney, who has followed Latin American politics for decades. "The problem is that there is no alternative, no political opposition. Chávez still draws support from that largest portion of the society, especially the poor and disadvantaged. This situation is not likely to change soon."

One Venezuelan businessman who has represented foreign companies operating there for years complains that the Bush Administration should stop financing Chávez and his Bolivarian Revolution. "The United States should stop importing Venezuelan oil immediately," he argues. "The United States can suck up losing 15 percent of oil imports, especially in view of the benefit. An embargo on Venezuelan oil would very quickly end Chávez' adventures outside his border. He can't sell his oil elsewhere because the only refineries capable of refining the heavy/dirty oil are located in the United States. If the United States waits until Venezuela has built a pipeline across Colombia to make shipments of crude to Asia a viable alternative, the United States will lose the ability to affect events in Venezuela." ◆