

UNDERMINING DEMOCRACY

21st Century Authoritarians

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VENEZUELA

PETRO-POLITICS AND THE PROMOTION OF DISORDER

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President Hugo Chávez has launched a massive “foreign aid” program, which encompasses a diverse portfolio of projects . . . However, much of this aid from Caracas consists of blank checks for the recipient governments to spend at will. In effect, Chávez has been exporting corruption, and the product is attractive to leaders who would rather avoid the constraints imposed by international institutions, democratic donors, and private investors.

INTRODUCTION

Since taking power in 1999, Venezuelan president Hugo Chávez Frías has managed to convert a frail but nonetheless pluralistic democracy into a semi-authoritarian regime. Certain freedoms continue to exist, and elections are still held, but the system of checks and balances has become inoperative. The government rarely negotiates with opposition forces, the state insists on undermining the autonomy of civil society, the law is invoked mostly to penalize opponents and never to curtail the government, and the electoral field is uneven, with the ruling party making use of state resources that are systematically denied to the opposition.

These conditions are all typical of electoral autocracies. However, the Venezuelan regime also seems to rely on a practice that is more peculiar to *Chavismo*, as the Chávez phenomenon is commonly known, or at least to a small subset of semi-authoritarian states: the promotion of disorder. Whereas many nondemocratic governments—such as those in Russia, China, and Saudi Arabia—seek political legitimacy by attempting to deliver order, the rulers of Venezuela and their ilk do nothing to stop lawlessness. Consequently, ordinary citizens live in fear of random crime, oppositionists face targeted attacks by thugs, and businesses are subject to violence by government-sponsored labor groups. This intimidation through third parties, rather than through direct state pressure alone, helps to discourage collective action by regime opponents. It also produces discontent, but not among the protected class of Chavistas.

Chávez’s strategies for restricting the domestic political system have varied over time depending on the nature of the challenges he has faced. During the first phase of his

presidency, which lasted through 2004, Chávez's principal aim was to survive mobilized opposition. Once this challenge was overcome, the priority was to maintain high approval ratings despite decaying public services.

The Chávez administration has sought to bolster the domestic political transformation with a foreign policy that portrays Venezuela as the champion of a broader movement in the Americas and the world to balance the United States. This anti-U.S. foreign policy stand is the best known but perhaps the least important aspect of Chávez's foreign policy. By overstating his commitment to development and his anti-imperialist, anti-capitalist credentials, Chávez seeks primarily to forestall criticism from socially progressive actors abroad, many of whom would generally disapprove of the erosion of institutional checks and balances. Another goal is to help radical leftist forces to win power in other Latin American countries. While producing occasional victories for Chávez's clients, these interventions have contributed to the political polarization of the region. However, he has been able to mute the criticism of sitting governments, regardless of their ideological bent, by spending heavily on foreign aid and oil subsidies. The opacity of the transfers enables what is, in effect, the exportation of corruption. Recipients can spend the aid in an unaccountable manner, avoiding the safeguards and conditions attached to traditional forms of international aid or private investment.

The term Chavismo suggests a consistent ideological system, and the regime's self-identification as a "Bolivarian Revolution"—a reference to the Venezuelan-born independence hero of the early 19th century, Simón Bolívar—similarly implies that it is an example or prototype of a larger political species. While this is to some extent belied by Chávez's hollow rhetoric and opportunistic adaptations, his strategies for consolidating and retaining power could be replicated by the leaders of other semi-authoritarian states, and that alone is reason enough to study them in detail.

DOMESTIC METHODS OF CONTROL

First Challenge: Surviving the Backlash

The honeymoon period of Chávez's presidency ended in late 2001 with the sudden resurgence of street protests. Between the end of 2001 and the middle of 2004, Chávez not only faced poor popularity ratings in opinion polls (see chart on page 68), but also endured the most active mobilization of opposition forces in Venezuela since the 1950s. Between 2002 and early 2003, there were at least 22 massive marches in Venezuela's largest cities. Given Chávez's radical assertion of presidential power—quite evident since the approval of the 1999 constitution—and the economic troubles that lasted until 2003, this backlash was perhaps inevitable. However, it was more difficult to predict whether Chávez would

survive it. He came close to losing power on three occasions: the massive street protests that touched off a short-lived coup in 2002, the 2002–03 general strike led by the oil sector, and the 2004 recall referendum. The policies described below allowed him to fend off these threats and remain in office.

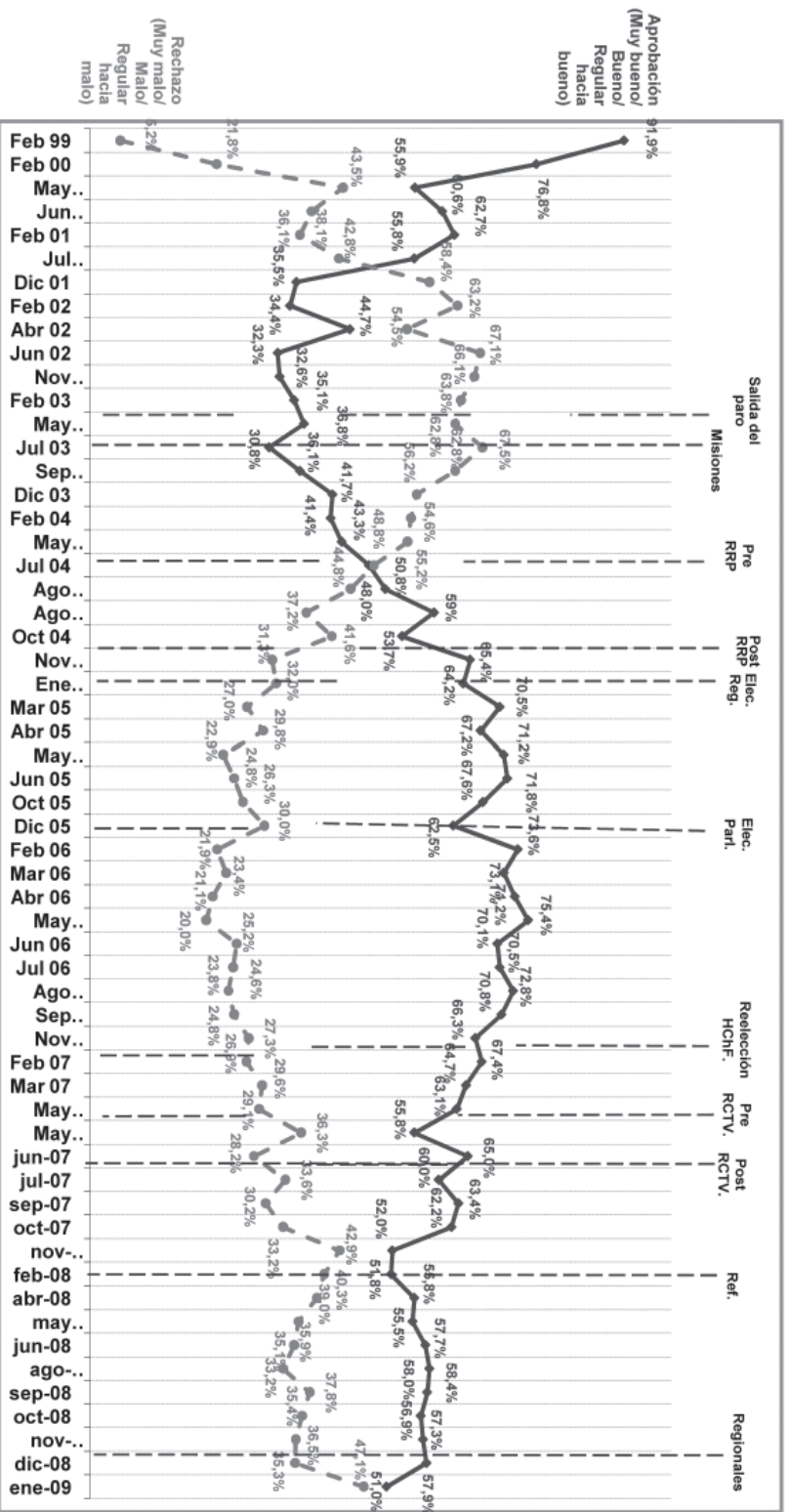
Smash the middle. Rather than seeking reconciliation and compromise with the rising tide of protesters in 2002, Chávez responded to political conflict by growing even more antagonistic toward the opposition. The idea was to push his adversaries into increasingly extreme actions, and thus compel the general public to take sides with one of the two poles. Similarly, rather than negotiate with the oil strikers, he fired them. It was around this time that Chávez’s crudely polemical speech vis-à-vis the opposition—the use of insults, unfounded accusations, and frequent expletives—became his signature style. In Venezuela since the 1950s, and in Latin America since the transition to democracy, political discourse on the part of leaders from large political parties was typically moderate and respectful. Chávez jettisoned that approach, and to date he shows neither remorse nor the intention to change his tone.

Politicize social services. By the end of 2003, when the international boom in fuel prices began, the government had begun to convert social policy into an electoral tool. A massive spending spree was launched in a desperate effort to survive the 2004 recall referendum, which the government tried unsuccessfully to block. This was the period during which Chávez’s famous “missions” were created. Forming what is essentially a parallel welfare apparatus, the missions are social programs in health, education, and citizen mobilization aimed at key sectors of the population. The office of the presidency itself—rather than the legislature, the existing bureaucracy, or the local governments—controls the missions, and researchers have shown that many of them are used for political purposes: to bolster Chavista politicians, to secure the political loyalties of beneficiaries, and to distribute jobs and other patronage to supporters.

Mobilize “new” voters. In addition to the social spending, the state engaged in a massive voter-registration campaign of dubious legitimacy. It included nontransparent practices such as rapidly providing voting rights to Colombian immigrants. In the six months prior to the 2004 recall referendum, the electoral rolls experienced a spectacular 11.7 percent surge in registered voters.

Encourage electoral abstention by the opposition. Complementing the voter registration strategy, the Chávez government worked to create uncertainty about the electoral process among the opposition. The goal was to foster apathy, defeatism, and abstentionism, and it was achieved through a variety of means. First, Chávez deliberately eroded the objectivity of the National Electoral Council, refusing to heed calls to replace the most biased officials. Second, he created a special set of quasi-partisan “forces” (for example,

How do you evaluate the performance of President HChF [Chávez] in terms of the well-being of the country?¹



* La diferencia con respecto al 100% se debe al "No sabe/ No contesta"

Desde el mes de septiembre de 2003 la base muestral pasó de 1000 a 1300 hogares entrevistados.
 Desde el mes de octubre de 2006 la base muestral (Opinión Pública) pasó de 1300 a 1600 hogares entrevistados.
 Desde el mes de Febrero 2007 la base muestral (Opinión Pública) pasó de 1600 a 1300 hogares entrevistados.

the *Círculos Bolivarianos*, or Bolivarian Circles) to defend the administration, watch citizens in local communities, and intimidate opponents. Finally, following the 2004 referendum, the government began to deny jobs and government contracts to those whose names appeared on the petitions that led to the recall vote. In addition, approximately 800 citizens have been placed under investigation for political treason based on their participation in protests. These steps instilled not just resignation but real fear among opposition voters that the notion of a secret ballot was null and void, and that voting for the wrong candidate could be punished. In the run-up to the 2005 National Assembly elections, the irregularities became so crass that opposition leaders decided to pursue the most extreme—and in retrospect, the costliest—form of abstention: an organized boycott, grounded on the hope that the international community would force the government to postpone or annul the elections. The government, however, proceeded without opposition participation, and the result was a new legislature in which the opposition held no seats, down from 45 percent representation in the previous body.

Second Challenge: Preserving Popularity Despite Worsening Public Services

Having survived the backlash of 2001–04, the Chávez administration entered a period of political calm that lasted until mid-2007. It did not use this time to improve the government's technical competence. In fact, on a number of indicators, the signs of serious deterioration were unmistakable. The regime's bureaucratic chaos is reflected in the instability of the cabinet. Between 1999 and 2008, Chávez has had 6 vice presidents, 6 foreign ministers, 9 interior ministers, 12 secretaries of the presidency, 7 finance ministers, 9 ministers of industry and commerce, 6 ministers of health, and 7 ministers of infrastructure. High turnover rates typically suggest an excessively personality-driven administration, weak institutions, and a lack of coherent public policies. The area in which the bureaucratic decay is most evident is also, paradoxically, the sector that is most vital to the government: oil. Production levels today are lower than in the 1990s, but employment levels at the state oil firm, *Petróleos de Venezuela SA (PDVSA)*, have never been higher. There has also been visible corrosion in urban services, policing, education, public works, and health facilities. In 2007, shortages of key consumer goods began to surface as well. Despite these signs of inept governance, Chávez has managed to remain popular, albeit less so than in 2005–06. His relative success is attributable to the following practices:

Massive procyclical spending. Taking advantage of a formidable oil-price boom, the government embarked on one of the most lavish examples of procyclical spending in Latin American history, with little money saved or reinvested in the oil sector or in capital improvements. A significant portion of this spending went to social programs; according to some estimates, funding of such programs increased by 314 percent in per capita terms. Money

Chávez's Assault on the Media

One of the central aims of Hugo Chávez's authoritarian project in Venezuela has been to bring key segments of the country's news media under his sway and suppress alternative, critical viewpoints. Venezuela has traditionally enjoyed a notable degree of media pluralism, but over the course of the Chávez era, a multifaceted official campaign has eroded basic journalistic freedoms. Television and radio outlets have been intimidated, harassed, and wrested away from independent management by the government or forces working with its blessing. During the past 10 years, a raft of local radio enterprises—especially outside the major cities—have been pushed into the hands of Chávez supporters, mostly through buyouts. Of the major enterprises driven off the media landscape, RCTV (Radio Caracas Television) remains the most prominent example. Its broadcasting license was not renewed, and the station was forced to close down its operations, handing over its production equipment and the roughly 60 transmitters it controlled nationwide. The government seized RCTV's Channel 2 frequency after the station's license expired, and began using it to air the state-run *Televisora Venezolana Social* (TVes). Today, *Globovisión* is the only privately owned, opposition-oriented television station in operation, but its reach is limited to a portion of the country. Following the February 2009 referendum, some pro-government forces have started calls for shutting down *Globovisión*. Chávez has also used the vast resources at his disposal to reward media organizations that toe the government line. In a 2007 study of four leading daily newspapers, Andrés Bello University researcher Andrés Cañizalez found that papers loyal to Chávez received nearly 12 times more government advertising than their competitors. The Chávez administration has employed state funds and advertising to create a host of print, television, and radio outlets that adhere to government editorial lines and challenge dissenting voices.

was also channeled to the military, business subsidies, agricultural subsidies, and the public-sector payroll. Indeed, because of the massive sums directed to these areas and to the unim-poverished segments of society, social spending under Chávez was no higher than under his predecessors when taken as a proportion of total government expenditures. This fiscal stimu-lus generated economic growth rates of 8 to 9 percent between 2004 and 2007. Government contracts were plentiful and large, and in 2007, nationalizations of private enterprises were also expanded. The prodigious growth in state spending won the political support of four key groups: those who receive social benefits (low-income residents, among others); those who

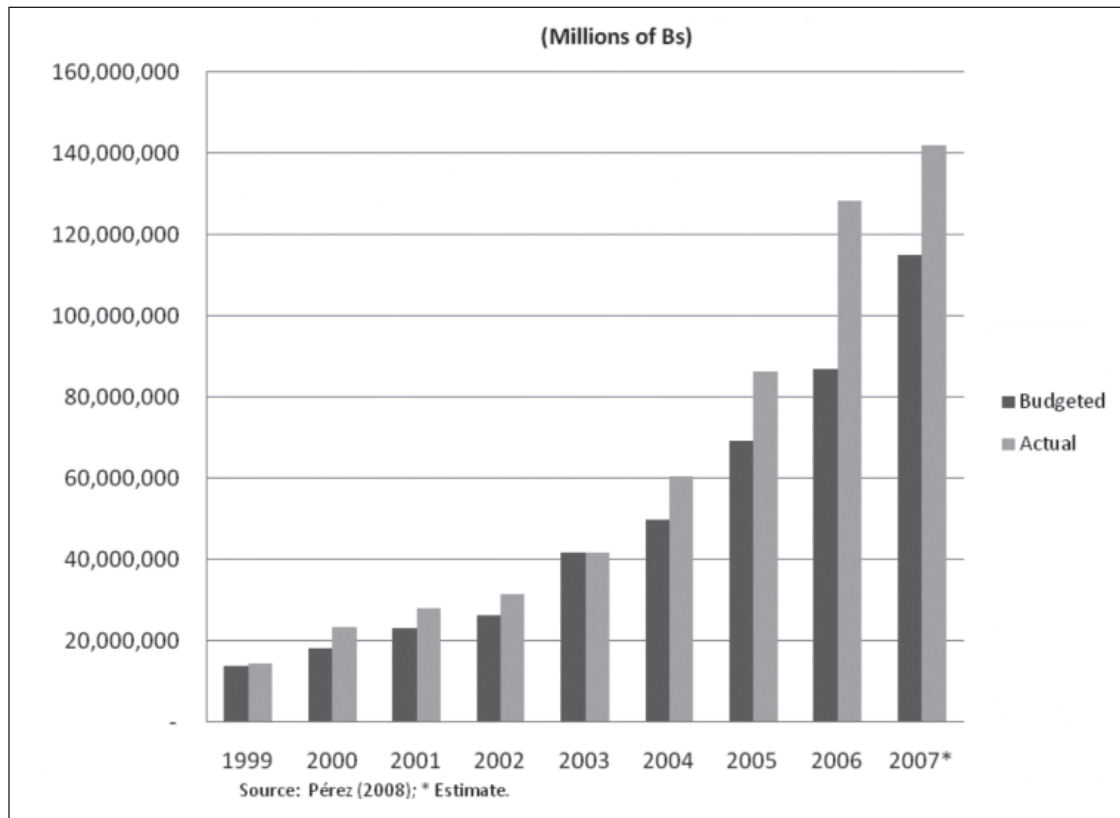
enjoy some formal association with the state (including government employees, whose ranks have increased by approximately 50 percent since 1999); the rent-seeking private sector; and the military. Public-sector workers are a particularly valuable asset to the regime, especially during election periods, as promotions and job tenure seem to be conditioned on progovernment political participation and voting. State employees helped to secure Chávez's victory in the 2009 referendum to lift term limits.

Extrabudgetary slush funds. In addition to the huge budgetary expenditures, Chavismo (until 2008) was characterized by record-breaking outlays of surplus funds without any real accountability or legislative approval. Under Venezuelan law, government revenues that exceed the amount anticipated in the legislatively approved budget must be deposited into a special "stabilization" fund. Chávez took advantage of this provision by submitting budget bills that deliberately underestimated the projected price of oil and then ignoring the rules governing the stabilization fund. For the 2008 budget, for instance, the government made revenue projections based on an oil price of \$35 per barrel, far below the actual figure. For three weeks in 2008, Venezuelan oil was selling for at least \$116, some 233 percent higher than the budgeted price. This systematic lowballing has generated an average revenue surplus of 20 percent every year since 2002 (see graph on page 72). Chávez has essentially been free to use these vast sums without supervision.

Militarization of government, politicization of the military. In terms of appointments and spending, the Chávez administration has become the most militaristic Latin American regime in decades. Since its inception, it has relied on military figures to run key government programs and institutions. By 2008, eight of the 24 governorships and nine of the roughly 30 cabinet positions were controlled by active or retired officers. Chávez's approach to the military follows a traditional formula of purging and splurging. The government used the 2001–04 period of discontent to identify and remove dissenting leaders. To the rest, it offered generous rewards. Military spending under Chávez has increased sevenfold, and the country has dramatically stepped up the pace of its weapons purchases. Between 2005 and 2007, the state spent an extraordinary \$4.4 billion on arms imports, the financial equivalent of building 300 new "Bolivarian" schools, 19 superhospitals, 34 medical schools, and two sports stadiums. This boom in military acquisitions has occurred in the absence of any significant military threat, either foreign or domestic. For Chávez, the military is not a neutral protector of the constitution but rather a guardian of socialism against imperialists and oligarchs.

Curtailed freedom of expression. Freedom of expression has continued to exist under Chávez, but there are fewer means of expression than ever, as the government has reduced the size and restricted the content of the private media. In 2007, the authorities shocked international observers by refusing to renew the operating license of RCTV, a leading private television station. The government also confiscated the company's assets without compensation.

Venezuela—Discretionary Spending, 1999-2007²



This was the culmination of a campaign, begun in 2003, to expand the government’s share of media outlets in the country. After the RCTV shutdown, Venezuela was left with only three private television stations: Venevisión, Televén, and Globovisión. The last of those three does not have national coverage, and Venevisión carries little political coverage. In 2009, some progovernment forces began to call for Globovisión to be shut down.

The administration and its supporters use financial, legal, and extralegal pressure to weaken and tame the private media. For example, the authorities threaten to deny the outlets access to U.S. dollars—through the exchange-rate regime in effect since 2003—and to cut state spending on publicity and advertising. The government has also imposed a harsh tax code on the media and conducts frequent and arbitrary audits. Violence and intimidation aimed at reporters has been a common tactic, and a “social responsibility law” bans media from issuing information that is contrary to “national security” or disrespectful of elected officials. Certain news programs cannot air outside of prime time, under the pretext that they

are not suitable for children. Furthermore, private media are obliged to broadcast 70 minutes of free government publicity each week. As of mid-2008, the president's own television program, *Aló Presidente*, had been aired 311 times, with each broadcast lasting an average of 4 hours and 21 minutes (in 2006, the average was 6 hours and 22 minutes). The Sociedad Interamericana de Prensa (Inter-American Press Society) issued a March 2008 resolution to condemn the Venezuelan government for numerous actions intended to curtail freedom of the press. Meanwhile, the decline in the number, content, and operations of private media has been accompanied by an increase in state ownership of alternative media. The government has gone on a buying spree, acquiring a large number of newspapers, radio stations, and community news outlets, mostly in small cities. This has allowed it to establish virtual media monopolies outside the largest urban areas.

Impunity as a co-optation tool. Corruption in Venezuela is undoubtedly rampant, with estimates suggesting that less than 5 percent of government contracts go through any type of bidding process. Furthermore, there is little to no legal accountability for graft, as court cases that go against the leadership's interests are virtually unheard of. However, this environment of corruption and impunity is not the product of simple greed or neglect. Instead, it seems to be a political tool deliberately used by the government to distribute patronage, cultivate supporters, and dramatically increase their stake in the administration's political fortunes. The implicit threat is that if the opposition ever returned to power, those who have benefited from the lawlessness of the current regime would be cut off and possibly even prosecuted.

Disrespect for the rule of law as a political tool. Political connections have become the only guarantee for private property and personal security; nothing is being done to curtail crime, which has increased from the already high levels of the 1990s. By expelling the U.S. Drug Enforcement Administration and significantly cutting back on drug interdiction, the authorities have effectively given traffickers free rein to operate in Venezuelan territory. The government also encourages workers to engage in labor conflicts, work stoppages, and even vandalism at private firms. This promotion of economic and social disorder has been pursued with particular vigor in areas where the political opposition has been successful, such as the five states and key cities it captured in the 2008 regional elections. For instance, the government is denying funds and decision-making authority to the Caracas mayoralty and the state of Miranda, both controlled by the opposition. The Chavista-dominated National Assembly recently approved a law that allows the executive branch to "reverse" constitutionally mandated monetary transfers to the states. And the government has nationalized the ports in Porlamar, Maracaibo, and Puerto Cabello, located in the opposition-led states of Nueva Esparta, Zulia, and Carabobo, respectively.

INTERNATIONAL INFLUENCE

Chávez has introduced a number of changes in Venezuela's foreign policy. He converted a cordial relationship with the United States into a spectacle of sustained bickering, and abandoned regional democracy promotion in favor of the exportation of autocratic practices. These shifts have not yielded all of the results that Chávez intended. He remains as dependent on U.S. markets as ever, few Latin American countries have followed his lead in antagonizing the United States, and some moderately leftist governments (Brazil, Uruguay) may have actually drawn closer to Washington in response to Venezuela's actions. Nevertheless, Chávez's foreign policy has allowed him to garner some international support, or at least muffle international criticism, among other gains.

Soft-balancing the United States. After 2003, Chávez began systematically opposing the United States through nonmilitary means, a practice known as soft balancing. This policy has included eschewing cooperation on drug interdiction and other such efforts; building alliances with nondemocratic states including Iran, Cuba, Belarus, and Russia; creating obstacles in international forums, for instance by organizing a parallel, anti-U.S. Summit of the Americas in 2005; making counterproposals to undermine U.S. programs, like the Bolivarian Alternative for the Americas (ALBA) set up in opposition to the Free Trade Area of the Americas; and generating diplomatic entanglements, for example by promoting the deployment of Russian missiles in either Cuba or Venezuela.

The Organization of American States (OAS) has been an important forum for Chávez's soft-balancing activity, particularly after the body, along with the European Union, issued a stern criticism of the state and the ruling party for irregularities during Venezuela's electoral period in 2005. Chávez's strategy at the OAS has been to block almost any initiative advocated by the United States or any other state in favor of democracy and human rights promotion. He has publicly condemned the secretary-general, José Miguel Insulza, especially after his criticism of the RCTV affair. At one point, Chávez used a vulgar pejorative, calling Insulza a *pendejo*. By frequently threatening to withdraw from the OAS—which the delegates would consider an unacceptable diplomatic catastrophe—Chávez seems to have secured the deference of the body.

The Venezuelan regime's policy of soft-balancing the United States is likely aimed at earning the sympathy of an important constituency: radical progressives at home and abroad, who are sometimes so impressed by this strident anti-Americanism on the world stage that they are willing to forgive the shortcomings of Chávez's domestic achievements. The policy may also be designed—like the Cuban model—to elicit more aggressive behavior by the United States, which would provide the regime with an external threat to justify domestic

Petro-Diplomacy

Oil has served as the Chávez government's principal tool for exerting influence beyond Venezuela's borders. Its largesse has been spread across the region, with a number of key states on the receiving end. All told, Venezuela gives some 300,000 barrels per day to over a dozen countries in Central America and the Caribbean. Some 92,000 barrels a day are believed to go to Cuba, whose authorities have relied on Venezuela's helping hand to manage the transition to the post-Fidel Castro era. Chávez's total subsidies to Cuba are estimated at \$2 billion per year. However, the new global economic crisis and the associated suppression of energy prices may undercut Venezuela's ability to maintain its subsidy-based system of alliances. To put this effect into perspective, the LatinSource consultancy has reported that every \$10 drop in the price of oil results in a loss of \$5 billion in revenue for the Venezuelan government.

crackdowns on dissent. The U.S. government has for the most part avoided this trap, but Chávez has freely posited conspiracies to fill the vacuum.

Soft-balancing Saudi Arabia. Declining production and the need to maintain his fiscal profligacy has compelled Chávez to pursue a strategy of maximizing the price of oil on world markets. This means countering Saudi Arabia's policy of preserving a stable and affordable price, and the struggle between the two often plays out within the Organization of Petroleum Exporting Countries (OPEC). Venezuela, the fifth-largest oil producer in the body, has consequently discovered the benefits of an alliance with Iran, the second-largest producer. Bolstered by cooperation on trade and weapons development, the bilateral partnership forms a powerful check on Saudi Arabia's price-management efforts.

A "humanitarian" rogue state. Since Chávez came to power, Venezuela's policies in Latin America and the Caribbean have shifted from democracy promotion and minimum intervention toward direct interference in favor of receptive political factions. This has led to complicated relations with most governments in the region. On the one hand, Chávez takes actions that irritate many Latin American leaders. He involves himself in their elections, openly derides their foreign policy decisions, issues personal attacks against elected officials, stockpiles weapons, and expects other countries to join in his provocation of the United States. Venezuela under Chávez is, in short, the closest thing to a rogue state in the region since Cuba's period of aggressive interventionism between 1961 and 1989.

On the other hand, Chávez has managed to compensate for these vexing practices by launching a massive “foreign aid” program. Every treaty Chávez signs seems to include an obligatory mention of development goals. Gustavo Coronel estimates that Chávez has made a total of \$43 billion in “commitments” abroad since 1999. Of this sum, perhaps \$17 billion, 40 percent, could be classified as social investments or foreign aid. It encompasses a diverse portfolio of projects, including oil subsidies to Cuba; cash donations to Bolivia, often used to build hospitals; medical equipment donations to Nicaragua; heating oil subsidies to more than a million U.S. consumers; and \$20 million in development assistance to Haiti, the poorest country in the Americas, for investments in education, health care, housing, and other basic necessities. Some estimates suggest that the total value of these offerings or promises is as large in real terms as the Marshall Plan, the U.S. aid initiative to reconstruct Europe after World War II. The Petrocaribe oil program alone, which represents an annual subsidy of \$1.7 billion, puts Venezuelan aid on par with that of donor countries like Australia, Belgium, Denmark, Norway, Portugal, Spain, and Switzerland.

However, much of this aid from Caracas consists of blank checks for the recipient governments to spend at will. In effect, Chávez has been exporting corruption, and the product is attractive to leaders who would rather avoid the constraints imposed by international institutions, democratic donors, and private investors.

Using social spending as a foreign policy tool has allowed Chávez to win two types of international allies: other states, which are loath to cross him if they benefit from his largesse, and intellectuals on the left, especially in Europe, who feel that the aid empowers the poor more than elites. Behind this shield of open or tacit international supporters, the regime is able to pursue its more belligerent and antidemocratic policies with minimal criticism.

Relations with major authoritarian states: Iran, China, and Russia. Venezuela has strengthened its ties with authoritarian states for a number of reasons: (1) to bolster the policy of soft-balancing the United States; (2) to obtain weapons; (3) to obtain trade and foreign investment on unaccountable terms; and (4) to secure alliances that will not be subject to the scrutiny of national electorates and can thus veer far from the true national interest of each country.

The relationship with Iran meets all four objectives. The regime in Tehran is one of the main challengers of U.S. policy in Iraq, Israel, and the Middle East in general. Iran also provides Venezuela with arms, and it is conceivable that the two countries could cooperate on nuclear weapons research. In addition, Iran is a leading OPEC member facing shortfalls in oil production, so it shares Venezuela’s interest in maximizing world prices and bucking Saudi Arabia’s stabilization measures. Iran is also a source of substantial nonprivate investment in Venezuela; the Iranian state-owned oil company is making heavy investments in the Orinoco oil belt.

Relations with Russia are also intended to meet all four objectives, but the main emphasis thus far has been on weapons acquisition. In 2008, Venezuela was perhaps the third-largest buyer of Russian arms (in per capita terms, it was the largest buyer by far). The United States has banned arms sales to Venezuela, which helps to explain the turn to Russia but not the huge volume of purchases. While the military buildup could be seen as an end in itself, it may also represent an effort to win Russian cooperation on OPEC-mandated production cutbacks. (Russia, which is not an OPEC member, tends to take advantage of the organization's restraint by boosting its own production.)

Venezuela's ties with China meet only two of the four objectives—foreign investment and a relationship with an unaccountable regime. Chávez once had high hopes that the country would join his crusade to balance the United States and even buy the bulk of Venezuela's oil, but China has not been taken in. It has thus far limited itself to providing trade, buying limited supplies of oil, and making investments in Venezuela.

Relations with Cuba. Among Venezuela's authoritarian allies, Cuba is probably the most important for the regime's self-image, and the relationship is distinguished by a unique exchange of financial support for ideological endorsement. From Cuba's perspective, Venezuela has replaced the Soviet Union as its main sponsor, supplying handsome oil subsidies that allow the island state to reexport as much as 40 percent of the fuel it receives. This allowance is provided with almost no political or other conditions, unlike any aid or investment Cuba might obtain from international organizations or democratic countries. In return, Cuba serves as the issuer of a certificate of good "radical" credentials, permitting Chávez to flaunt his anti-imperialism and score points among the most extreme elements of the left in Latin America. Cuba also provides tangible assistance in the form of almost 40,000 technical experts, including doctors, nurses, teachers, coaches, and military and intelligence personnel.

Since Raúl Castro became president of Cuba, there has been speculation that the Cuban government is growing wary of the island's dependence on its new benefactor. There are rumors, for instance, that Castro does not like Chávez personally, and that he is pursuing ways to diversify the country's economic ties. Nevertheless, there are reasons to believe that the special relationship between Cuba and Venezuela will endure. Each country is providing the other with assets that are cheap for the donor and valuable to the recipient. Venezuela's subsidy to Cuba consists of a small fraction of its oil production, while Cuba has a surplus of trained technical experts. The ideological endorsement, of course, costs Cuba nothing.

THE 2009 REFERENDUM TO END TERM LIMITS

Before concluding, it would be worthwhile to note the February 15, 2009, referendum in which Venezuelan voters agreed to lift term limits for all elected officials, including President

Chávez. This was perhaps the most consequential political event in the history of Chavismo since the 2004 recall referendum. The removal of term limits significantly increases the chances that Chávez will remain in office for many years, even under bad economic conditions. Research has shown that authoritarian leaders tend to “win” between 80 and 90 percent of the elections in which they run, with the outcomes typically controlled through an array of restrictions and abuses.

Venezuela has essentially done away with a major tenet of Latin American democratic thought that dates back to Argentina and Mexico in the 1860s. The Mexican Revolution of the 1910s adopted the slogan “direct suffrage and no reelection,” in recognition of the fact that in societies where the institutions providing checks and balances are feeble, term limits are indispensable for the survival of democracy. The self-perpetuation of an unaccountable, clientelist elite is almost unavoidable in the absence of strong judicial, party, economic, and education systems. Historically, most Venezuelans have understood this reality, and even the 1999 constitution, with its dominant presidency, contained term limits.

By the time of the 2009 referendum, Chávez had already eliminated most other potential checks on his power. Term limits had at least raised the possibility of new leadership emerging from within the ruling party, and this process gained some traction during the 2008 regional elections. With term limits removed, however, major figures in the ruling party will compete only for subordinate posts that depend on Chávez’s blessing. In short, the potential rise of some form of intraparty democracy was replaced by the certainty of a servile, pro-presidential party apparatus.

Chávez won this enormously important referendum by using the conventional practices of electoral autocracies: extravagant and illegal state spending, heavy use of public media by the government, bureaucratic efforts to compel state employees to vote for the government, a decision by the electoral authorities to deny funding to the opposition campaign, and the exclusion of the opposition from the drafting of the referendum.

In addition to these standard tactics, Chávez introduced three innovations during the campaign. First, he aggressively encouraged the participation of the roughly one million Chavistas who had abstained from a failed 2007 referendum. Second, by rewording the referendum to allow indefinite reelection for all elected posts (not just the presidency), Chávez unified his party leadership, most of whom welcomed the opportunity to remain in power for life. Third, he made the somewhat bizarre argument that Venezuela’s institutional checks and balances were reliable enough without term limits, and that elections alone were sufficient to provide accountability. In other words, the country’s political system was more secure than those in other Latin American democracies, and indeed the rest of the world, where term limits are the norm. Although the proposal passed, the opposition increased its number of

votes relative to 2007; these votes will be all the more important now that elections—such as they are—have become the only means of containing presidential power.

FINDINGS

- Venezuela under Chávez has become an even more entrenched petrostate. Today, the Venezuelan state depends more on oil revenues, and on the U.S. market, than in the 1990s. Hydrocarbon wealth has been used to erode checks and balances at home and support like-minded actors abroad.
- Through his opaque subsidies to foreign countries, Chávez is exporting corruption. The disbursal of large amounts of assistance without conditions or standards is more appealing to many countries than the condition-based assistance provided by international financial institutions and agencies like the U.S. Millennium Challenge Corporation.
- Two important elements of Chavismo since 2006 have been the rise of statism in the economy (as a way to expand public-sector employment and reduce the influence of the private sector) and the general promotion of chaos and lawlessness to control the opposition. Life, liberty, and property are increasingly threatened by violent crime, government-linked thugs, and bureaucratic disarray.
- In another aspect of this lawlessness, the government enacts and selectively applies draconian legislation—on corruption, tax evasion, media content, foreign-exchange access, productivity standards, sources of funding, and other matters—in order to eliminate independent or opposition forces in the private media, the business sector, the landowning class, civil society, and rival political parties. Chávez is thus applying a dictum often attributed to a former Latin American dictator: “For my friends, everything . . . for my enemies, the law.”
- Despite the government’s diligent efforts to eliminate its political antagonists, Venezuela remains a country with considerable political ferment and a vibrant opposition. While opposition groups have long struggled to gain broad popular support, they did win majorities in densely populated regions in the 2008 elections.
- The global economic crisis will no doubt weaken the economic foundations of the regime, compromising its unrestrained foreign and domestic spending. But rather than

transforming the opposition into a viable competitor and driving Chávez from power, the downturn may simply stimulate the autocratic side of Chavismo. Friends will continue to receive privileges; opponents will continue to surrender more powers to the state, face more arbitrary treatment, and receive fewer protections under the law. Boom times allowed Chávez to be an electorally competitive autocrat. The crisis will make him less electorally competitive and more autocratic.

NOTES

- 1 Jose Antonio Gil Yepes, Luis Vicente Leon, y Octavio Sanz, “Sobre el referendum del 15 de febrero de 2009,” *Informe Quincenal*, Escenarios DatAnalysis, Segunda Quincena, Enero 2009.
- 2 Felipe Perez Marti, “Revision, rectificacion y reimpulso economico,” *Reimpulso Productivo*, Ministerio del Poder Popular para la Comunicacion y la Informacion, Caracas: 2008.