The Pyrrhic Victories of Venezuela’s President

ALEJANDRO VELASCO

Christmas Eve should have been a time for making savory hallacas and dancing gaitas in Ciudad Bolívar, some 350 miles southeast of Caracas, as in the rest of Venezuela. But as evening fell, reports of protests and looting in some of the city’s working-class neighborhoods began to circulate on social and conventional media. By the time police restored order, several grocery and liquor stores had been ransacked and dozens of people arrested. Over the following week, similar protests spread to working-class areas of other major cities, eventually turning lethal: in Caracas on New Year’s Eve, a National Guard sergeant shot dead 18-year-old Alexandra Colopoyn, 25 weeks pregnant, when tensions flared in a crowd waiting for food long-promised by the government of President Nicolás Maduro.

A deadly protest in the waning hours of 2017 seemed a fitting end to a year that saw no shortage of either deaths or demonstrations, while everything from food to medicine to cash grew scarcer amid possibly the worst economic crisis in Venezuela’s modern history. Between April and July, massive daily rallies against Maduro roiled Caracas and other cities. Over 120 people died as security forces suppressed the increasingly violent demonstrations. Meanwhile, dwindling oil revenues led to drastically slashed imports. In a country ever more dependent on foreign goods as its domestic productive sector collapses, this aggravated already alarming scarcities of consumer staples. Coupled with a currency worth less and less as the government printed more and more cash to finance a vast state bureaucracy, the result by year’s end was a hyperinflationary spiral growing worse by the day.

Even against this backdrop, the turmoil at the end of December, spreading fast and now extending into the new year, was remarkable. Unlike the months-long demonstrations earlier in the year, led and organized primarily by anti-government activists seeking Maduro’s ouster, these protests stem from popular sectors of society whose support the government has relied on to survive. Food-related riots have become increasingly common across Venezuela as the economy free-falls. But the latest protests have struck at a moment when Maduro appeared, at last, to have consolidated his political power over both the fractious pro-government movement and a once-ascendant opposition. Taken together, these developments signal a major shift in Venezuela’s political dynamic, portending an unprecedented wave of social unrest that may prove the government’s undoing just when it seemed to have outmaneuvered its enemies.

WINNING THE BATTLE

Before the outbreak of the year-end protests, Maduro had reason to feel bullish. For the first time in the nearly five years since he won the presidency by a razor’s-edge margin following Hugo Chávez’s death in March 2013, Maduro seemed fully in control after vanquishing his opponents outside and within chavismo, the late president’s populist movement. In August, a Constituent Assembly he convened to sidestep the opposition-controlled National Assembly and rewrite the constitution was seated despite worldwide condemnation. That followed four months of some of the most intense protests Venezuela had seen in over a decade, sparked by a decision by the Maduro-appointed Supreme Court that effectively nullified the National Assembly.

As repression increased and the death toll mounted, so too did speculation that the governing elite would abandon Maduro. But only one major figure—Attorney General Luisa Ortega Díaz—broke ranks, eventually fleeing the country. Instead, Maduro emerged in a stronger position once the protests ended after the Constituent Assembly’s installation. In October, pro-government candidates took 18 of 23 states in long-delayed gubernatorial elections, and in December even more
sweeping victories in municipal elections gave the government control over almost all cities and towns in Venezuela.

It was a dramatic turn of events, particularly given the economy's exponential collapse over the same period and the impact on everyday life. Venezuela began 2017 with a world-leading 500-percent inflation rate, and ended it in hyper-inflation of over 2,000 percent. The black market for dollars began the year at an astonishing 15,000 bolivars to one dollar—compared with the official rate of 10 to one—and closed 2017 at over 130,000, effectively dollarizing much of the economy. Meanwhile, imports contracted 35 percent as the government prioritized paying bondholders instead of declaring default and risking the loss of oil industry assets abroad.

The combined effect was that fewer products were available, and those mainly at black market prices. Most basic necessities, from rice and meat to toilet paper and aspirin, were hard to obtain. And infrastructure crumbled due to lack of maintenance and spare parts, subjecting Venezuelans to roads in disrepair, deficient public transit, irregular trash collection, and water and power outages. More and more people flocked to neighboring Colombia and Brazil, part of an exodus no longer limited to the middle classes seeking opportunities. Increasingly they were from the popular sectors, seeking basic sustenance.

In part, Maduro's improbable political turnaround despite a brutal crisis reflected an outright turn to authoritarianism over the previous year. To be sure, abuses of power are longstanding in chavismo—opponents have been targeted via violent repression, legal artifice, and unfair electoral conditions. Maduro drew on each of those methods in order to remain in power at all costs. But 2017 also marked a decided departure from chavismo in two significant ways that brought political survival for the president at a price that might ultimately prove his victories pyrrhic.

The first was sacrificing electoral legitimacy. Elections constituted a key pillar not just of Hugo Chávez's plebiscitary style of politics, but also of his movement's larger appeal to supporters. Holding and winning elections offered chavistas, many of whom had felt disenfranchised before Chávez came to power, a sense of identity and of belonging to a popular movement that could legitimately claim a majority. The opposition was comprised largely of middle and upper classes who stubbornly, at times anti-democratically, refused to acknowledge the government's democratic underpinnings. Cries of electoral fraud had been raised since 2004, when Chávez overwhelmingly won a referendum to defeat an attempt to recall him from office. But absent credible evidence, such claims rather confirmed the suspicions of even weakly identified chavistas that the opposition sought power, not democracy. And while chavismo often resorted to skewing electoral processes in its favor—gerrymandering, blacklisting opposition candidates, misusing public funds for campaigns, and more—elections nonetheless were widely understood to reflect the will of the electorate.

But the mystique of electoral legitimacy began to collapse in 2016. After a long-splintered opposition united to win control of the National Assembly in a landslide in late-2015 elections, it seized the momentum to demand a referendum on recalling Maduro, as the constitution permitted. But with its support plummeting in polls as the economy nosedived, the government delayed and eventually nixed the referendum effort on the thinnest of technicalities. That move sparked an international outcry and massive, peaceful, cross-class marches in Venezuela. However, it was the government's suspension in late 2016 of regularly scheduled gubernatorial elections, with even less of an explanation, that punctured for government supporters the sense that chavismo did not fear the ballot box.

Maduro began 2017 with some of the lowest approval ratings of his presidency, losing support even among strongly identified chavistas. By mid-July, following months of often violent street protests, the opposition staged a plebiscite in which it claimed that 7.5 million people rejected Constituent Assembly elections scheduled for later that month. Although impossible to confirm, the figure was symbolically powerful, putting pressure on the government to surpass it in two weeks' time. But when Maduro announced that just over 8 million votes had been cast in the elections, which lacked many of the oversight protocols of previous contests, representatives of the voting-machine company the government had used since 2004 refused to certify the results. The process made it clear that Maduro would sooner
stole than lose an election if his political survival was at stake.

That was a message aimed not only at anti-
chavistas but also at critics within chavismo itself. Beyond sacrificing electoral legitimacy, the Constituent Assembly blew open a long gestating schism: between those loyal to Chávez's 1999 constitution and its calls for participatory democracy, and those more in line with Chávez's later vision of a socialist Venezuela. In principle, Maduro's convocation of a Constituent Assembly addressed that second, more ideologically committed group of grassroots chavistas who had long advocated for just such a move. In practice, however, it left them out.

Despite protests by grassroots chavistas against vote rigging, most seats went to Maduro loyalists. Since the Constituent Assembly opened in August, they have offered no proposals for a new constitution but rather acted at Maduro's behest to circumvent the opposition-controlled National Assembly. Meanwhile, the government has moved against some of Chávez's former ministers who had begun to criticize Maduro, as well as grassroots chavista activists who opposed pro-Maduro candidates in municipal elections.

The sacrifice of electoral legitimacy for the Constituent Assembly and the attendant consolidation of Maduro's inner circle dramatically conveyed, to both chavistas and opponents alike, that Maduro would stay in power not because but in spite of the ballot box. It was at this critical moment that Maduro departed in a second, immensely consequential way from chavismo. He pressed ahead to become the only game in town.

LOSING THE WAR

If legitimate elections were a key pillar of chavismo, an opposition it could credibly present as a threat to its power was another. Throughout his presidency Chávez both stoked and benefited from an opposition singularly focused on ousting him from office. Although its strategies for doing so changed over time, from coups to strikes to elections, anti-chavismo long proved skillful at "snatching defeat from the jaws of victory," as the sociologist and Venezuela analyst David Smilde has observed. Again and again, whether due to internal divisions, overreach, or miscalculation, the opposition squandered political gains just when the government was weakest. Chávez, and Maduro earlier in his term, deftly exploited this dynamic, riding the ebbs and flows of the opposition from one crisis to the next but always providing it just enough room to maneuver in order to keep alive the claim that economic elites might return to power and roll back social and political gains made under Chávez.

Immediately following the Constituent Assembly elections, major clashes that had roiled Caracas for almost four months stopped cold. The failure of protests, a plebiscite, and growing international condemnation to derail Maduro's plans dealt a crushing blow to the opposition, leaving it adrift and demoralized. The end of daily protests and of their disruptions to the everyday lives of most people already struggling to get by lifted Maduro's popularity, less in support than in relief.

With the opposition in disarray and his poll numbers rising, Maduro made his next move. This time, he was the one who overreached. In September, Constituent Assembly officials announced that gubernatorial elections, inexplicably postponed a year before and rescheduled for December 2017, would in fact take place in October. The move further split a reeling opposition between those advocating a boycott and those choosing to field candidates. The opposition won five states, but when Maduro required incoming governors to swear loyalty to the Constituent Assembly, all but one did so, effectively neutralizing them. Pro-government candidates swept municipal elections held in December in a landslide, as erstwhile chavistas returned to the polls, drawn by Maduro's promise that he alone could deliver relief for the dire and mounting needs of Venezuelans.

But relief is precisely what Maduro cannot deliver—despite the enormous expectations he generated around Local Food Production and Provision Committees (called CLAPs, their Spanish acronym). Formed in April 2016 as an emergency response to already grave food shortages, CLAPs use existing get-out-the-vote mechanisms at the neighborhood level to distribute food staples at highly subsidized prices on a biweekly basis. But massive corruption plagues the process. Direct delivery of food was meant to bypass so-called bachaqueo, whereby products imported at the official exchange rate are sold at black market rates locally or smuggled abroad. Maduro tapped military commanders to manage food distribution; increasingly they are most responsible for diverting subsidized products to the black market or abroad, reaping enormous profits in the process.

The problem is only in part about corrupt distribution chains. As Venezuela runs out of money to maintain even minimum import levels, the key
issue is supply. Massive debt contracted during years of unchecked spending at the height of the oil boom between 2004 and 2014 has left the government strapped for cash to purchase goods. It has stubbornly avoided even basic reforms—like ending the preferential exchange of dollars that fuels massive corruption—and has prioritized paying bondholders in order to avoid default, which would leave oil industry assets such as oil tankers and refineries vulnerable to seizure abroad. Still, 2017 ended with a spate of late bond payments, targeted defaults, and public pleas by Maduro to private creditors for restructuring talks.

Sanctions imposed by the United States on trading in Venezuelan bonds have sapped the country’s ability to issue more debt in order to raise revenues. In the past, bailouts from Russia and China have provided temporary relief. But China, to which Venezuela already owes over $50 billion, has signaled it will offer no more loans, leaving only Russia as a source for credit. Even rising oil prices offer little hope for reprieve, since lack of investment in the oil industry has decimated production, now at its lowest level in decades.

As the crisis worsens exponentially, more and more Venezuelans, especially among popular sectors with no access to dollars, have come to depend on biweekly CLAPs for subsistence, while Maduro relies on the CLAPs to generate support. Ahead of the municipal elections in December, the government promised to add pernil—roast pork leg, a traditional Venezuelan Christmas dish—to the list of subsidized items for CLAPs to distribute, with payments made up front. But after the electoral sweep, and as Christmas neared, perniles failed to materialize. Lacking a domestic opposition to credibly blame, Maduro accused Portugal and Colombia of holding up the promised pork, allegations promptly denied by both governments.

The protests and looting that broke out in Ciudad Bolívar on Christmas Eve have spread across the country, with few signs of winding down. And unlike protests they can dismiss, and attack, as opposition-led, these have sprouted among popular sectors whose support Maduro and his government need to stay in power.

At no time since it first came to power in 1999 have conditions been more dire for chavismo—and for reasons almost entirely of its own doing. Whereas a year ago it was possible to envision the government losing electorally in order to survive politically, 2017 proved that Maduro and those around him are willing to sacrifice the movement in order to stay in power. At a moment when he controls the political landscape, Maduro alone stands to be blamed for a crisis that worsens by the day. The protests—and what they portend for the year ahead—are an indication of the government’s success in consolidating political power at a price that seems pyrrhic, at a time when it can least afford it. The end of 2017 may have been just the beginning of Maduro’s undoing.