

2019

# Venezuela

Another victim of the new world order?



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### Introduction

South America has been a hotbed for socialist and communist movements for years and was the subject of a power struggle between the US and the USSR during the height of the Cold War. During this time, the US, in an attempt to limit Russian influence in its neighboring regions, followed the disastrous policy of opposing democratically elected socialist leaders in countries like Chile, Guatemala, Brazil and Argentina etc. in favor of tyrannical dictators. Popular victims of this strategy included President Jacobo Árbenz of Guatemala who was replaced with Carlos Castillo Armas, President Salvador Allende of Chile who was replaced with Augusto Pinochet, and President João Goulart of Brazil who was replaced with Humberto de Alencar Castelo Branco.

Fortunately for the citizens of Latin America, the demise of the USSR and the increasing international scrutiny over the US's interventionist foreign policy, prevented the US from repeating their mistakes from the sixties and seventies. For better or worse, this allowed former military leader and socialist Hugo Chavez to come to power in Venezuela, a country that had traditionally been a US ally even during the rise of the Left in its bordering nations.

Chavez was quite opposed to American involvement in Latin America, and actively tried to limit their influence both within and outside his country. At the same time, he cemented his position in power by implementing far reaching policy changes that vastly decreased any checks and balances on the President's office, and due to the increasing oil revenues pouring in to Venezuela, he faced relatively little opposition from his citizens, who could see standards of living improving across the nation. As long as the money kept pouring in, it kept papering over the very obvious cracks that had started forming within the country, especially with regards to increasing income inequality, rising corruption and incompetent administration.

By 2008, the situation started to worsen, as the worldwide economic collapse started to have its effect on Venezuela as well, and the revenues that were instrumental in keeping a semblance of order within the country started to dry up. By 2010, even Chavez had to acknowledge the scale of the problem, and was forced to declare an economic war in light of rising inflation and food shortages. He also started to take strong action against anyone that dare blame his policies for the worsening socioeconomic conditions in the country. By the time Chavez passed away from cancer on March 5, 2013, millions of Venezuela's citizens found themselves skirting the poverty line and facing a crime epidemic that had already claimed hundreds of thousands of lives.

## The Replacement

As per the Constitution of Venezuela at the time of Chavez's death, the man to replace him till new elections could be held within the country, was supposed to be the Speaker of the National Assembly, who at the time was Diosdado Cabello. However, instead it was Vice President Nicolás Maduro who took charge of the country, and he went on to retain this seat after narrowly winning the subsequent Presidential elections held a month later.

Soon after legitimizing his hold over the Presidency, Maduro vowed to help his country recover from the widespread problems that had engulfed the South American nation for the best part of a decade. Yet, within a short time, not only did he significantly supplement the powers of the President by having the legislative arm of the government grant him the authority to rule by decree, he also reiterated his desire to continue with many of President Chavez's policies, despite their obvious failings. As a result, the plight of the people of Venezuela only worsened, leaving its economy in a spiral that it is yet to recover from.

## The Conditions

The impact of Chavez and Maduro's policies on Venezuela, especially on its common citizens, has been devastating. Over 90% of the population is now considered to be below the poverty line, while between 2013 and 2017, the country's GDP per capita contracted by over 40%, with a 16.5% contraction in 2016 alone. Due to decreased global demand for oil, which has long been their chief export, national income dropped by over 50% between the same time period, while between 2014 and 2016, income poverty increased from 48% to an appalling 82%.

One of the biggest issues facing the country today seems to be the government's refusal to acknowledge that changes need to be made in order to wrestle the nation back from the brink. Maduro's administration have refused to release any statistics related to the current levels of crime, inflation, GDP etc., which has made it difficult to determine just how much trouble Venezuela is in at the moment.

In order to track the level of hyperinflation currently affecting the country, Bloomberg started using their 'Cafe con Leche Index' that tracks the price of a cup of coffee from a café in Caracas, Venezuela's capital city. According to this index, the price of coffee has increased from 0.50 bolivars to 1,800 bolivars over the past year, which is an astounding increase of 359,900%. This is even more stark when you consider that in August 2018, Venezuela re-denominated the bolivar by removing five zeros from its value. So, today's price of 1,800 new bolivars is equal to 180,000,000 old bolivars, which, if converted into dollars, comes to less than fifty cents.

To fight food shortages, the government has initiated a scheme to provide its citizens with a box of essential goods at subsidized prices. However, every day the quality and quantity of the items seems to steadily fall, resulting in millions of people being

deprived of a daily healthy intake of food. Over three million people have fled the country in order to find a better life someplace else, with Colombia the most popular destination with an estimated 1 million Venezuelan refugees residing within its borders today.

### The Repercussions

In light of rising criticism from people around the world, especially Venezuelans themselves, Maduro and his government have responded by laying the blame entirely on the US and their political opponents, suggesting that the current economic downfall is a conspiracy to derail his administration.

These statements, and Maduro's seemingly disinterest in dealing with any of the issues highlighted above, has led to wide spread protests across the nation. However, these demonstrations have been met with force, with hundreds of dissenters currently behind bars, or dead due to the communal violence that seems to have gripped the nation today.

Additionally, the government has continued to increase its gold extraction, along with oil production, despite worldwide sanctions. According to reports, Maduro has already sold off over 40% of the country's entire gold reserves, and is in the market for new buyers, although this may be difficult under the current circumstances.

In a recent speech he stated that "We are using difficulties that resulted from sanctions to create a modern, self-sustainable economy, and call upon investors from Arabic and Islamic countries to invest their money into developing the oil and gas industry". He added that the government planned to "triple gold mining rates, as well as production of aluminum and other metals" and that "US imperialism has become a paper tiger, and Venezuelan people will win despite sanctions".

Russia, China, and Turkey are three of Maduro's most prominent supporters and have backed his calls to the US to stay out of the personal politics of another sovereign nation. On the other hand, the US has refused to acknowledge the current leader of the country, and have instead recognized the President of the Venezuelan National Assembly, Juan Guaido, as an interim President for Venezuela till elections can be announced.

The White House issued a statement in this regard, saying that "In its role as the only legitimate branch of government duly elected by the Venezuelan people, the National Assembly invoked the country's constitution to declare Nicolas Maduro illegitimate, and the office of the presidency therefore vacant. The people of Venezuela have courageously spoken out against Maduro and his regime and demanded freedom and the rule of law".

Guaido, with the backing of the National Assembly, earlier this year declared himself President for the "sake of the people of Venezuela". In his speech he stated that "we know that this will have consequences", but "to be able to achieve this task and to re-establish the constitution we need the agreement of all Venezuelans". While the US

and many of its allies took no time in acknowledging Guaido's Presidency, China and Russia did not such thing and reiterated their backing for Maduro.

For his part, Maduro dismissed the new President as another ploy by the US. He stated that the opposition had "acted against the interests of the Venezuelan people and caused damage to the state". He warned that "Juan Guaido and his supporters will sooner or later be brought to justice and will bear responsibility for an attempt to seize power" and that "they [opposition leaders] are puppets who serve the extremist administration of Donald Trump that wants to colonize Venezuela. The so-called humanitarian intervention that the US is talking about aims at subduing our country and seizing its natural resources".

## US Intervention

The US has always had a complicated relationship with South America, and their various attempts at interfering in their internal politics have led to civil strife and unrest within the region. While many believe that their current posturing and intimidation of Venezuela is a repeat of these past strategies, others claim that they have learned their lesson, and their current actions are directed towards liberating Venezuelans from a despot that clearly does not care about the wellbeing of his people.

While the former may turn out to be true, the latter reports do have some credence to them, as the US has already sent over 300,000 tons' worth of aid to Venezuela, including medical kits, food supplies and other nutritional supplements. They have further approved of an additional aid package worth \$20 million, while countries in Europe have also promised aid worth over \$100 million in the coming days. However, the problem here lies with Maduro, who has grown increasingly more paranoid over the US's possible designs for his country. As a result, he has blocked all trade to the country, and the Venezuelan Army is closely monitoring each route that may be used to bring in supplies.

In response to these restrictions against the aid packages sent to the people of Venezuela, Rep. Eliot Engel, D-N.Y., chairman of the House Foreign Affairs Committee, expressed his disappointment in the Maduro regimes decision, saying that "through authoritarianism, corruption, and incompetence, Nicolás Maduro and his kleptocratic regime have created a massive humanitarian crisis both inside Venezuela and throughout the Americas; now, Mr. Maduro has chosen to further starve his own people".

The situation was further complicated when the Venezuelan government announced that they had seized a cache of US made weapons in the storage yard of the Arturo Michelena International Airport in the city of Valencia. The stash included at least 19 rifles and 118 magazines, high-caliber ammunition, along with 90 radios and six mobile phones. Authorities believed that the shipment made its way to Venezuela from Miami, Florida, and that there was a deep suspicion that these were sent by the US government to aid anti-establishment movements within Venezuela.

## Venezuela

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#### Special Report

Now there is a fear within Maduro's camp that perhaps the US may be preparing for an armed intervention, with the backing of Guaido and his supporters. Donald Trump has also done nothing to dispel this fear, and has actively tried to convince the Venezuelan army, who have up till now been loyal to Maduro, to defect to Guaido's camp. He warned that the armed forces were "risking their future, their lives and Venezuela's future for Maduro, a man controlled by the Cuban military and protected by a private army of Cuban soldiers". He added that "you (the armed forces) will find no safe harbor, no easy exit and no way out. You will lose everything". Trump ended by saying that "we seek a peaceful transition of power, but all options are open."

In response Maduro accused Trump of speaking like a Nazi and mused "Who is the commander of the armed forces, Donald Trump from Miami? They think they are the owners of the country". He added that the US were "warmongering in order to take over Venezuela".

## Conclusion

While it is hard to predict how the current situation in Venezuela can be fixed, it is clear that a solution is needed soon, as the plight of its common citizens will only worsen with time. As the US, Russia and China struggle amongst themselves for global domination, it is countries like Venezuela that ultimately pay the price for this struggle of power between these powerful nations. The humanitarian crisis within the South American state is perhaps one of the worst in the world, and, as mentioned above, with over 90% of the population living below the poverty line, the scale of its impact will be felt for generations to come.

Even though Guaido recently announced his intentions to do everything in his power to bring in foreign aid to Venezuela, Maduro's control over the army may make this impossible. There is also a real fear that any kind of altercation between the two factions may lead to an all-out civil war, that will further exacerbate the crisis that threatens to destroy the country from within. The only hope left is that saner heads prevail, and instead of playing politics, Maduro and Guaido can come together for the future welfare of the millions of Venezuelans still hoping for a quick resolution to their problems.