**Venezuela: rise and fall of an authoritarian Petrostate.**
Gustavo Coronel.

**The emergence of an authoritarian leader.**
The new leader, a military man, came to power in 1998-1999 and found a country in political and economic crisis. Increasing oil prices in 2000 started to make him look good. Based on this oil windfall he developed a policy of increasing state control of the industry and used energy as a political tool, both to buy loyalties in the region and to consolidate political power at home. He started to harass foreign oil companies and, through the use of bribery, extortion and the abuse of power, he went on to establish total state control of the country’s oil and gas resources. When independent, private television stations criticized him, he closed them down. He is actively working to modify the laws of the country to allow him to rule for 15 or more years. He thinks of himself as a global leader. This leader is... Vladimir Putin. If you pictured Hugo Chavez you would be also right because their rise to power, their political strategies and degrees of narcissism have been strikingly similar.

**His ten years in power.**
Hugo Chavez attempted a military coup in 1992, to oust the democratically elected president, C.A. Perez. He failed, not before some 200 Venezuelans had died. He was persuaded to run for president in 1998 and won. However, he was not born to govern within democratic check and balances. For the last ten years he has been trying to convert democratic Venezuela into an authoritarian, Cuba-style, state. The manner he has tried to do it can be described as similar to the boiling of a live frog. Place the frog in hot water and the frog will jump out. Place the frog in lukewarm water and increase the temperature gradually and carefully and the frog will boil. In April 2002 and, especially in December 2007, when he attempted to become president for life, he raised the temperature too abruptly and the frog jumped out. And it will not go back in.
He is failing or, rather, he has failed. Venezuelans have lived in democracy for the last fifty years and we are not willing to become the new “Cubans”. In spite of his political shrewdness Chavez has committed serious errors and crimes that have deeply eroded his political power. I now believe he will not end his normal presidential term in late 2012 but will be ousted by popular and military pressure.

**A disastrous performance.**
What are the main crimes/errors Chavez has committed?
1. He has received more than $700 billion during his ten years in power. Any reasonably competent leader, receiving this huge amount of money, to be used in a relatively small nation of 25 million people, would have established massive, structural, long-term health and education programs to free his people from poverty. However, he chose to follow a policy of handouts by means of the so-called “misiones”. These short-term programs provide the poor with day-to-day free/subsidized food, free primary health care, transportation and literacy programs but they do not empower the people to escape poverty and ignorance. He is giving a fish a day but does not teach them how to fish. As a result illiteracy remains at some 7%, the same figure of 1999 (UNESCO report), social inequality (as measured by
the Gini coefficient) has slightly increased and his education and health budgets are, at some 25% of the GDP, similar to those of preceding governments (see F. Rodriguez’s article in Foreign Affairs “An Empty Revolution”, April-May 2008 issue). There are no new roads, no new hospitals/schools and no new infrastructure to speak of.

2. He has dedicated much of his efforts to gain followers in the hemisphere in order to build an anti-U.S. alliance. About $30 billion that belonged to us, Venezuelans, have been given to Castro, Morales, Kirchner, Ortega and others, to gain and maintain their support. His anti-U.S. obsession has guided him into an alliance with the Colombian FARC and, beyond the hemisphere, with Hizballah, Iran’s Ahmadinejad, Zimbabwe’s Mugabe and non-democratic states such as Syria, North Korea and Belarus. In addition, close to $10 billion has been spent or committed to buy weapons, from rifles to missile bearing submarines and jet fighters. In Venezuela a “pater familia”, a family head can go to prison for prodigality, by the irrational use of the family resources, but the most important “family head”, the president, can squander our national resources with total impunity, under the tolerant eyes of the Supreme Tribunal of Justice!

3. Chavez’s regime is the most corrupt of the last century due to the amount of money in the Venezuelan financial system, the lack of administrative controls and total impunity. As Bernard Shaw used to say of matrimony, being a Venezuelan public officer under Chavez combines maximum temptation with maximum opportunity. I have described this corruption in detail in a paper written for the CATO Institute in December 2006 (“Corruption, Mismanagement and Abuse of Power in Hugo Chavez’s Venezuela”, Development Analysis Paper #2). Some of the cases I mention in that paper include the buying and reselling of Argentinean bonds (about $500 million stolen), widespread corruption in Petroleos de Venezuela, the state-owned petroleum company (millions of dollars), the food companies owned by Chavez’s family and friends to sell food to the government (millions of dollars) and the “social” programs run by the military in 200-2002 (about $400 million stolen). Two recent cases have been the money smuggled into Argentina by Petroleos de Venezuela, under orders of Chavez, for Mrs. Kirchner’s campaign and the supply of weapons and money to the Colombian FARC terrorists, as documented in Raul Reyes laptops, but the whole system is riddled with corruption and abuse of power.

4. Although not quantifiable in money two of his main crimes have been the sowing of racial and class hate among Venezuelans and the political indoctrination of children. We have never been a race conscious nation. Chavez has changed this, helped by experts in this issue like Danny Glover from TransAfrica Forum, who has traveled to Venezuela several times to preach race struggle to the so-called Afro-Venezuelans, a new term used by Chavez to promote racial strife, receiving close to $20 million as retribution for his services. Today many Venezuelans are full of hate and resentment due to ten years of aggressive attacks by Chavez against the “white, the rich and the oligarchs”. His language is full of war terminology: “We will crush them, attack and destroy them without mercy….”. Venezuela is now a “we” and “they” nation, split down the middle into enemy camps, not just political adversaries, as we used to be.
5. Political indoctrination of children is a Cuban import, enthusiastically endorsed by Hugo Chavez and his brother Adan, a Marxist who became Minister of Education for a couple of years. Today we see Venezuelan children on the government television, reciting poems honoring Fidel, Che and Chavez. The school curricula are saturated with ideology and Venezuelan history has been re-written to show our national hero Bolivar as a zambo, not very different from Chavez.

6. The Venezuelan state-owned petroleum company has been diverted from its core business of finding and selling oil to the tasks of importing and distributing food, building houses and, even training athletes for the Olympics. The president of the company is also the Minister of Energy, so that he supervises himself. Under Chavez the company has lost about 500,000 barrels per day of production capacity, which amounts to a loss of income of about $30 to $50 million a day, depending on the price. Capital investment and maintenance levels are down due to incompetent management and the outlook for the company is to keep losing production and exporting capacity, since domestic consumption is increasing and is heavily subsidized (20 U.S. cents a gallon of gasoline). Today, Venezuelan oil imports into the U.S. are some 300,000 barrels per day lower than eight years ago. Venezuela is no longer a reliable supplier to the U.S. and U.S. energy planning should take this into account. Citgo, the Venezuela owned company headquartered in Houston is now entirely controlled politically by Chavez and is used as a political tool to acquire followers such as influential U.S. Congress member Bill Delahunt. Notorious persons such as Joe Kennedy and Danny Glover have enjoyed, directly or indirectly, his prodigality. Sean Penn, Oliver Stone, Jesse Jackson and Naomi Campbell are some of his fellow travelers. In Venezuela we call them “Pendejos sin Fronteras”.

Short term outlook.
Forgive me for using four clichés to illustrate the current political situation in Venezuela. (1) Hugo Chavez has a death wish. (2) He is “escaping forward”. He “knows” he has failed to gain ascendancy over the Venezuelan people and realizes that (3) the sun is in his back. His aura of invincibility is gone. Venezuelans now know (4) the king is naked and, in spite of the suffering and the humiliation of having such an inept leader, laughing can be heard all over the hemisphere. The impact on Chavez of his loss of power and popularity has been demolishing. Chavez has lost his self-assurance and has replaced it with an ever-increasing aggressive posture. As his threats and demands become harsher they also sound like the utterances of a madman. “Chavez está loco”, is now the accepted diagnosis among all but his most visceral followers. Like terrified airplane passengers who find out that the pilot has gone berserk, Venezuelans are looking for a new pilot to land safely. The fact that the pilot now demands to fly the plane forever (or, at least, until it runs out of gas) has terrified passengers even more. The acceleration of Chavez pretensions to become president for life is raising the temperature so high that Chavez, not the frog, is in imminent danger of boiling.

Chavez demands for a new referendum to allow him to rule forever is unconstitutional, illegal, politically insensitive, strategically disastrous, but Chavez is no longer listening. He is running to meet his destiny. He will go into history as another Che, a victim of the evils of globalization, neoliberalism and the U.S.
Today Chavez has lost about two million votes, as measured during the last two electoral events, he has lost the support of important political groups that originally followed him (PODEMOS is gone and PPT is objecting to his pretensions of becoming president for life), he faces resistance within the military and is running out of money. On top of this his governors argue that why should he be the only one capable of indefinite re-election? They also want to be governors for life.

If Chavez imposes a new referendum he will be defeated and could well be ousted as a result. If he wins the referendum or if he survives a defeat, his ousting will take a little longer, until the country is in deeper economic distress. In my opinion the most probable scenario, 80% probability, is that he will not end his normal term. The political waters in Venezuela are boiling and the frogs are the ones raising the temperature.