

Testimony Prepared for the Senate Western Hemisphere Sub-Committee Hearing on Venezuela March 17, 2015

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The confluence of Venezuela's fast deteriorating economy, the increased targeting of political opponents, the National Assembly's granting decree powers to President Nicolás Maduro, and the mobilization of the military make it impossible to predict what will happen for the remainder of Maduro's term, which ends in 2019. As things stand today, though, it's impossible to see this ending well.

I say this for four reasons.

First, 16 years of severe economic mismanagement--public fiscal profligacy; the economy's greater concentration on oil exports (which now represent 95 of the country's exports); pervasive corruption; a complicated, severely overvalued exchange rate; and the arbitrary expropriation of select industries--combined now with the drastic drop in the price of oil (to under \$50 a barrel)--have left the country teetering on the brink of an economic meltdown. The International Monetary Fund (IMF) has predicted that Venezuela's GDP will contract by 7 percent this year, after contracting by more than 2 percent last year and inflation is hovering around 70 percent, though most now believe it will reach triple digits by the end of the year. And the stories of shortages of basic foods and goods are well known. People are suffering economically, and it will only increase.

Second, in the 16 years that the Bolivarian Revolution has been in power, it has systematically taken apart the checks and balances of democratic government and politicized the state. This has included packing the judicial system (including the supreme court) and the electoral commission with political allies, tearing down the independence of the Central Bank, closing down or buying out independent media, creating parallel local governments and police forces, cracking down on political opponents--including one former mayor, Leopoldo López, who have been in prison for more than one year and the mayor of Caracas, Antonio Ledezma, who was jailed earlier this month--and politicizing the armed forces.

More than just a violation of fundamental democratic principles, what has occurred is that the very institutions that would be necessary to mediate political disputes and manage conflict have become completely vitiated and distrusted by a large portion of the population.

Which brings me to the third point, this government--both that of former President Hugo Chávez and his successor Maduro--has never shown any tendency to moderate. If

anything, when faced with difficulty and adversity, their reaction has been the opposite: to double down on their policies and pursue a more confrontational strategy. That tendency has become more pronounced and worsened under Maduro, who, even as the country clearly veers toward economic collapse and faces broad popular protests, answers by toughening its position: cracking down on opponents, blaming others--the opposition, economic elites and, of course, the United States--and accumulating more power under the executive and for the party, the United Social Party of Venezuela (PSUV). This does not appear likely to change, and will--as it has--only worsen the country's economy and its political divisions.

Fourth, despite multiple multilateral commitments to defend human rights and representative democracy the regional community has been practically mute on this issue. Venezuela's neighbors, such as Brazil, Argentina, Bolivia, Ecuador, and Chile, have shown no inclination to become involved to defend basic human rights and democratic norms. There was a brief effort last year by the South American Union (UNASUR) to try to mediate the dispute between the government and the political opposition after street protests had swept the country over political and economic conditions, resulting in more than 40 dead and the arrest of three opposition leaders, including Leopoldo López. Those efforts at mediation produced nothing. Perhaps worse--I would argue--they were conducted under a value-neutral calculus. Rather than attempting to defend the right of peaceful democratic protests and secure the release of what were clearly politically motivated arrests, the South American Union's delegation intervened to mediate the dispute, treating both sides as moral equals.

By standing aside as the Maduro government attacks democratic institutions and the opposition, the regional community has enabled the violation of human rights of Venezuelan citizens. The lack of effective collective action has not only allowed the conditions in Venezuela to fester, they have loosened the region's overall commitment to democratic standards. The question is who will stand up? Unfortunately, other than Colombian President Juan Manuel Santos' statement after the arrest of Antonio Ledezma and the other mayors, no sitting president has--though four former presidents Fernando Henrique Cardoso of Brazil, Oscar Arias of Costa Rica, Alejandro Toledo of Peru, and Ernest Zedillo and Felipe Calderón of Mexico recently wrote a letter public letter expressing their concern.

Perhaps even more curious, the countries of the South American Union issued a statement after President Barack Obama's executive order to pull the visas of seven Venezuelan public officials and froze their assets, criticizing the action.

Which brings me to the last point on the White House and Treasury Department's executive order last week.

Unfortunately, the language calling Venezuela a national security risk to the U.S. that accompanied the announcement revoking the visas of the seven officials and freezing any assets they may have in the U.S. has become a red herring, provoking a ridiculous ramping up of military preparedness of Venezuelan troops for an imaginary U.S.

invasion, justifying a power grab by Maduro for decree powers and even provoking South American nations through UNASUR to denounce the policies.

A few clarifying points are in order, though.

First, the executive order was only to pull the visas of these officials, basically denying them the right to travel to the United States. These are not sanctions on the country or sanctions on the general population. They are an effort to deny those who were involved in human rights abuses from entering the U.S. territory. Dare I ask, what's wrong with denying human rights abusers the right to travel to your country?

Second, there has emerged an unremarked contrast between Latin American reactions to the denial Venezuelan government officials U.S. visas and their reactions to a similar U.S. action in 2009 on officials in Honduras. In the summer of 2009, the U.S. pulled the visas of high level officials of the de facto government of then-President Roberto Micheletti. Far from calling it "an interventionist threat to the principle of non-interference in the internal affairs of other countries" (the language used by the South American Union last week), the U.S. decision was applauded by the regional community. Today, it is being denounced as impertinent intervention. Why? Either sympathies toward the target government are different or the region has changed. I suspect both, but in either case it smacks of hypocrisy from our partners in the hemisphere, and a egregious betrayal of Venezuelan citizens' human rights

Third, it was the absence of action from regional partners that prodded the U.S. to action. Whatever you may think of the actions the U.S. took, they have occurred in a vacuum when the Venezuelan government's actions only 15 years ago would have provoked expressions of concern and even action among elected governments in the region. Today, it is only the former, elected, democratic presidents that I mentioned earlier who are willing to speak up. But clearly Venezuela's teetering economy and human rights situation require are an immediate regional issue that demand a regional response.

Which brings me to my last point. While Venezuela doesn't represent a national security risk to the U.S. in the alarmist way hinted at in last week's executive order, it is a risk, more regional perhaps, but a risk.

For one, the disarticulation of institutions and the politicization of the state described above, given the economic and political crisis the country finds itself, raise the specter of a failed state in the Western Hemisphere. This level of economic calamity and lack of institutionality has not existed in a major Latin American country/economy in recent history. The question of how to end this downward spiral and rebuild the country is unprecedented...not to mention unimaginable.

Then there are also the well substantiated allegations of the Venezuelan state's involvement in narcotics trafficking. Evidence has grown that segments of the country's armed forces, including the National Guard, and elected officials are involved in

transporting cocaine from Colombia and money laundering. Regarding the latter, the recent case opened up by the U.S. Treasury Department accusing the Banco Popular de Andorra of laundering \$4.2 billion points to the level of corruption and nefarious activities occurring in Venezuela today. Are we to believe that the government isn't aware of this?

One need only look at the map of flights ferrying cocaine from South America to northern markets in which Venezuela is arched with overflights or dotted with take off points to see the central place the Andean country has taken in the drug trade. With the three countries that border it (Colombia, Guyana and Brazil), numerous countries affected by its alleged role in narco-trafficking, and Venezuela teetering on economic and political collapse, Venezuela would seem to be more of a risk to regional security than to the United States.

Unfortunately, Venezuela's neighbors have chosen to focus on a hyperbolic U.S. statement rather than how the looming crisis in the country could affect them and their responsibility and role to prevent it.