

Testimony of Dr. David Smilde
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Chairman Corker and Members of the Committee,

Thank you very much for the opportunity to testify about the Venezuela crisis and options for U.S. policy. Venezuela has been the central subject of my research over the past twenty-five years. I first went to Venezuela in 1992 to do dissertation research, and I have never stopped investigating and writing about it.

It is also an issue of intense personal interest. In Venezuela I formed my family, raised my children and spent fourteen of the last twenty-five years. Many of my closest friends and most valued colleagues are still in Venezuela.

For today’s purposes, an extensive description of Venezuela’s downward spiral in recent years is probably unnecessary. Suffice it to say that in the face of declining oil prices and disastrous mismanagement, the country’s economy is all but imploding. Imports in 2016 dropped more than 60 percent from their 2012 levels, leading to dramatic economic contraction, triple digit inflation and widespread scarcity of food and medicine.

Even worse, Venezuelan citizens’ desires and efforts to change the country’s direction through democratic means have repeatedly been thwarted by the government of President Nicolas Maduro. A landslide opposition win of the National Assembly in December 2015 has largely been negated by a government-controlled Supreme Court that has annulled almost all of the National Assembly’s legislative projects and progressively stripped the legislature of its functions. And the opposition’s push for a recall referendum on Maduro’s presidency—after being forced to jump through the absurd hoops placed in their path by the National Electoral Council—was ultimately suspended indefinitely on the most spurious of grounds. Currently, the country’s regional elections have also been indefinitely postponed, and a process underway to revalidate political parties seems destined to abolish most of them.

In other words, Venezuelans are suffering from a government that has radically mismanaged their economy and society, and is blocking all democratic and constitutional efforts at change.

In these dire circumstances, the United States' policy towards Venezuela should focus on facilitating the reestablishment of a democracy in which human rights are fully respected, including citizens' right to decide what kind of government they want and who they want to lead it.

The question, of course, is exactly how U.S. policy could help to achieve this outcome, and how to avoid approaches that would be ineffectual or even counterproductive. In weighing this question and considering the options available, it is important to take into account not just the intentions, but also the consequences of U.S. actions and policies. Even policies that are pursued for the best of intentions may prove to be ineffective, or even deleterious to the ultimate goal.

In December 2014 the "Venezuela Defense of Human Rights and Civil Society Extension Act" was signed and in March 2015 it was rolled out with an Executive Order targeting seven Venezuelan officials for sanctions. In my view, this was not the right policy and is not helping the situation of Venezuela.

For good reasons, sanctions have become one of the most important policy instruments in international relations. They represent a tool that is stronger than words but does not resort to violence. Applying sanctions can give a powerful message from one country to another about what kinds of things it finds unacceptable. In the best cases, sanctions can even generate change in the actions of sanctioned actors without armed struggle. All of this is good.

However, the ample research on the matter is quite clear in its findings that sanctions¹, whether general or targeted, do not work most of the time.² Sanctions can serve to signal displeasure or the highlight values of the sanctioning country. But only in some cases do they actually generate a change in behavior. Researchers argue that there are three important factors that impact the effectiveness of sanctions.

First, while sanctions definitely have a signal moral resolve and disapproval, this works both ways. Sanctions can function to change behavior in contexts that care a lot about the country wielding the sanctions thinks.³ For example, in both South Africa and Serbia, sanctions meant a lot because these countries—including ruling elites—saw the West as an important ally.

¹ Daniel Wagner, "Do Sanctions Work?" *The World Post*, February 27, 2017, http://www.huffingtonpost.com/daniel-wagner/do-sanctions-work_b_7191464.html.

² One exhaustive review of 200 sanctions programs in the Twentieth Century showed that there was evidence of success in 35% of cases. Gary Clyde Hufbauer, Jeffrey J. Schott, Kimberly Ann Elliott and Barbara Oegg. 2009. *Economic Sanctions Reconsidered*. Peterson Institute for International Economics.

³ Kenneth Rogoff, "Opinion: Do economic sanctions work?" *Market Watch*, January 6, 2015, http://www.marketwatch.com/story/do-economic-sanctions-work-2015-01-06?mod=mw_share_twitter.

But in cases in which there is an existing anti-American ideology, U.S. sanctions can have a “Battle of Britain” effect, whereby those targeted do not relent but instead hunker down and fight against the odds, even converting their resistance into a potent political theme to shore up their domestic support.⁴ An instructive case in point is the fifty years of U.S. sanctions on Cuba, an approach which, far from dislodging the Castro brothers, has facilitated their permanence in power.

Second, sanctions are weaker when they are unilateral.⁵ The more international support and participation sanctions enjoy, the more legitimacy and effectiveness they are likely to have, and the harder they are to portray as imperialist conspiracies.⁶ The international consensus around sanctions in South Africa, Serbia, and Iran, for example, has been important.

Third, for sanctions to achieve their purposes, they have to have clear and attainable goals,⁷ and the imposing party needs to be able to ease or lift the sanctions if and when the behavior that is the focus of the sanctions changes.⁸ If the sanctions are ends in themselves, with no remedy based on the behavior of those being targeted, then the incentives for cooperation dwindle. On the other hand, if it is clear that those imposing sanctions are prepared to ease or lift them as behavior warrants, then incentives for changed behavior can be strengthened, and the original purposes for imposing sanctions are more likely to be met.

Unfortunately, the current regime of targeted sanctions on Venezuelan officials, is on the wrong side of all three of these factors.

First, these sanctions definitely provide a signal that the U.S. is against what is happening in Venezuela. But they also fit very nicely in Venezuela’s anti-imperialist, international conspiracy theories, which seek to explain all of Venezuela’s current problems as the result of the United States trying to undermine the country’s sovereignty. This line of response was certainly more important two years ago when the sanctions were first rolled out and Nicolas Maduro still had

⁴ Jonathan Marcus, “Analysis: Do economic sanctions work?” *BBC News*, July 26, 2010, <http://www.bbc.com/news/world-middle-east-10742109>.

⁵ Francesco Giumelli. 2013. *The Success of Sanctions: Lessons Learned from the EU Experience*. Burlington, Vermont: Ashgate Publishing Company. Zarate, Juan C. 2013. *Treasury's War: The Unleashing of a New Era of Financial Warfare*. New York, New York: Public Affairs.

⁶ Mark Malloch Brown and Harry Gibson, “Do Sanctions Work?” *Newsweek*, December 22, 2014, <http://www.newsweek.com/do-sanctions-work-293957>.

⁷ Carla Anne Robbins, “Why Economic Sanctions Rarely Work,” *Bloomberg*, May 24, 2013, <https://www.bloomberg.com/news/articles/2013-05-23/why-economic-sanctions-rarely-work>. Jonathan Masters, “What are Economic Sanctions,” Council on Foreign Relations, February 8, 2017, <http://www.cfr.org/sanctions/economic-sanctions/p36259>.

⁸ Mark Malloch Brown and Harry Gibson, “Do Sanctions Work?” *Newsweek*. Dursun Peksen. 2009. “Better or Worse? The Effect of Economic Sanctions on Human Rights.” *Journal of Peace Research* (Sage Publications, Ltd.) 46 (1): 59-77.

the ability to win elections. But rallying around the flag in defiance of U.S. aggression is still important theme in maintaining Maduro's core of support. Indeed, Maduro still has a 20 percent approval rating, which is remarkably high in light of the severe social and economic crises the population is experiencing.

Second, rather than being applied in concert with other partners and enjoying wide international support, the U.S. sanctions have (to date) been conceived and imposed unilaterally. Moreover, their initial implementation through an Executive Order that labeled Venezuela a threat to U.S. national security generated region-wide rejection. Far from spurring allies to action on Venezuela, this framing put them on their heels and made it more difficult and less likely for them to act.

Third, while these sanctions have clear targets and can be attributed to concrete behaviors, which is good, there is no obvious path for easing or lifting them in the response to changed behavior. Moreover, even if the sanctions themselves were to be formally lifted for whatever reason, the underlying accusations of human rights violations and illegal drug trafficking activities would remain and make the person sanctioned assume that, once out of power, they could face extradition to the United States.

This last characteristic is perhaps the most important problem. Instead of creating an incentive to change the behavior of officials who engage in human rights violations or acts of corruption, these sanctions impose a penalty that will carry its heaviest weight if and when the government itself changes. They therefore increase the exit costs of these officials, and increase their loyalty to the Maduro government, to whose survival their own fates are bound more tightly than ever.

The logic of this can be seen in the way President Maduro has made a point of promoting officials who have been put on some sort of U.S. blacklist.

The seven officials sanctioned were not sidelined or ostracized. Rather, they were each rewarded either with lucrative positions in state industries, or as in the following four cases, with positions in the security apparatus.

- General Antonio Benavides Torres was named Chief Commander of the National Guard (Venezuela's branch of the Armed Forces dedicated to domestic security.)
- General Gustavo González López was designated head of the the Ministry of Interior and Justice and the head of the intelligence service SEBIN.
- Katherine Harrington was named, a month after being sanctioned, as Vice Minister of Citizen Security and Prevention, serving in that post for 18 months before being removed.
- Manuel Eduardo Pérez Urdaneta is also a Vice Minister of Citizen Security and Prevention.

This is part of a logic whereby Nicolas Maduro builds a core of officials whose loyalty he is sure of because of their high exit costs. It extends beyond these particular sanctions to include others on some kind of U.S. blacklist. In August 2016, General Néstor Reverol was named Minister of Interior and Justice a day after U.S. prosecutors unsealed his indictment on charges of drug trafficking.

We can ask how this logic of sanctions-induced loyalty will play out with Vice President Tareck El Aissami who has been put on the Treasury Department's Kingpin list, leading to similar sanctions. From El Aissami's perspective, a return of fair elections to Venezuela would surely put the opposition in power and likely see him extradited to the United States. One should assume that he will use all the levers of power to prevent that from happening.

It might be argued that, even if sanctions raise the exist costs of sanctioned officials and tie their fates to the government's maintenance of power, this will be outweighed by the deterrent effect on non-sanctioned officials who might consider human rights violations or acts of corruption.

What is the evidence? In the past two years since sanctions were rolled out, the Maduro government has:

- Cracked down on NGOs⁹,
- Convicted and sentenced political prisoner Leopoldo López¹⁰,
- Instituted a violent citizen security initiative accused of over 500 deaths¹¹,
- Used the Supreme Court to neutralize the opposition National Assembly¹²,
- Taken more political prisoners¹³,
- Suspended the recall referendum process¹⁴,
- Failed to fulfill the commitments made in a Vatican-Unasur dialogue process¹⁵, and

⁹ Hugo Pérez Hernáiz and David Smilde. June 15, 2015. "[Venezuela's Human Rights NGOs Under Fire Again.](#)" *Venezuelan Politics and Human Rights*. Venezuelablog.tumblr.com.

¹⁰ "[WOLA Deplores Venezuelan Court's Conviction and Sentencing of Leopoldo López.](#)" September 11, 2015. *Venezuelan Politics and Human Rights*. Venezuelablog.tumblr.com.

¹¹ Rebecca Hanson. April 18, 2016. "[Human Rights Watch and Provea Release Devastating Report on Venezuelan Citizen Security Initiative.](#)" *Venezuelan Politics and Human Rights*. Venezuelablog.tumblr.com.

¹² Hugo Pérez Hernáiz. December 28, 2015. "[Conflict of Powers Looms as Venezuela's New Assembly Prepares to Convene.](#)" *Venezuelan Politics and Human Rights*. Venezuelablog.tumblr.com.

¹³ Hugo Pérez Hernáiz and David Smilde. September 11, 2016. "[Mobilized Opposition Faces Arrests and Detentions.](#)" *Venezuelan Politics and Human Rights*. Venezuelablog.tumblr.com.

¹⁴ "[Venezuela's Suspension of Signature Collection is a Dangerous Setback.](#)" October 21, 2016. *Venezuelan Politics and Human Rights*. Venezuelablog.tumblr.com.

¹⁵ Hugo Pérez Hernáiz. January 9, 2017. "[Is Venezuela's Dialogue Dead?](#)" *Venezuelan Politics and Human Rights*. Venezuelablog.tumblr.com

- Put food distribution under military command generating far-reaching corruption.¹⁶

By any standard these are not the consequences the sanctions program was supposed to generate.

This failure is not because only seven officials were sanctioned, and it is not because the sanctions went unnoticed in Venezuela. In fact, their rollout in March 2015 was international news for days and weeks, and news in Venezuela for weeks and months. Nicolas Maduro made sure everyone knew, especially Venezuelan citizens. I suspect that it would be hard to find even a peasant in the Venezuelan countryside who did not know about the U.S. sanctions. Deterrence is supposed to work through a social observation effect, and that should be effective whether seven or seventy officials were sanctioned.

All of this points the fact that the idea of “pressure” is too simple as our leading metaphor for understanding foreign policy. Pressure can have quite different and contradictory effects, depending on the context.

Of course, I am focusing here on the consequences of sanctions. One entirely legitimate response is that sanctioning human rights abusers and corrupt officials is simply a value position, a moral stance in favor of human rights and against corruption, and should be taken whatever the consequences. This is understandable and indeed taking a stand on values and letting the chips fall where they may is part of what it means to be human.

But when this is the logic behind a policy, it should be represented as such. A policy that is undertaken in the name of values, without regard for the consequences, should not be portrayed as aiming to benefit the people. More to the point of today’s discussion, while the United States’ program of targeted sanctions in Venezuela may represent an admirable expression of our devotion to protecting human rights, it is actually having negative outcomes for Venezuelan democracy and human rights. The responsibility for these negative outcomes rest squarely on the shoulders of Nicolas Maduro and other Venezuelan officials. But US policy is facilitating them.

Of course doing nothing is not an option; the Venezuela crisis is too grave. From my perspective, policymakers should strive to identify the policy options that express fundamental values and that increase the likelihood of achieving the goal in question, which is the reestablishment of electoral democracy and protection of human rights in Venezuela.

Fortunately, there are alternatives, although none of them are easy or promise instant results. First, given the marked deterioration of Venezuelan democracy, it is likely that work through *multilateral institutions* could come together in a way it has not in recent years. There are three areas for concerted political action: work through multi-country bodies like the **Organization of**

¹⁶ Hannah Dreier and Joshua Goodman. December 28, 2016. [“Venezuela Military Trafficking Food as Country Goes Hungry.”](#) Associated Press.

American States (OAS), the United Nations (UN) and Union of South American Nations (UNASUR), work to support governments in the region who can also engage the Venezuelan government, and work to support a meaningful process of dialogue.

OAS Secretary General Luis Almagro's invocation of the Democratic Charter in June 2016 was discussed but put off by OAS member states to see if progress could be made through a dialogue process promoted by UNASUR and later joined by the Vatican. Over six months has passed and it is clear that the Venezuelan government has used that dialogue process to buy time and deflect change. I agree with many others that it is time for the Democratic Charter to be taken up again. This time around, with the Maduro government renegeing on electoral democracy, one should expect more consensus to develop among OAS member states on the gravity of the situation in Venezuela. The United States could have an important role in supporting this process. Whether or not the OAS member states come to a consensus, the debate in the OAS will shine a spotlight on the Maduro government and generate important international pressure that extends well beyond U.S. government sanctions.

Furthermore, the United States and other countries could work to strengthen the **Inter-American Council for Human Rights (IACHR)** which is the preeminent institution for the defense of human rights in the region.

The **United Nations** also has considerable potential to act with reference to Venezuela. A Peacebuilding initiative like that which was carried out in El Salvador in the late 1980s could be effective. Alternatively, the UN Secretary General could name a Special Representative to Venezuela. These initiatives would not be feasible in the short term as the first would require the consent of the permanent members of the Security Council and both would require the consent of Venezuela. But in the likely case that the Venezuela crisis worsens, that could change. U.S. government advocacy would be key to making them happen.

The **United Nations Human Rights Council** is more cautious than IACHR given that it consists of member states. However, Venezuela is actually a member of the council and that makes it more difficult for it to dismiss its statements as imperialist conspiracies.

There are regional institutions that the United States is not part of but which could be supported. Venezuela is already on the rocks with trade block **Mercosur**. It has effectively been marginalized, while still remaining a member. Mercosur has a Democratic Clause aimed at protecting human rights that could still be invoked. Thus far UNASUR has shown more interest in protecting the interests of incumbent governments than the interests of its countries' citizens. But a more diverse set of leaders in the region could promote the development of institutions and mechanisms to provide proper protections for human rights

There is also considerable space for *bilateral and multilateral diplomacy*. I have been encouraged by President Trump's discussions of the Venezuelan case with the presidents of Argentina, Panama, and Peru. Regional partners need to have a lead role in U.S.-Venezuela policy. A group of "Friends of Venezuela" containing diverse countries could be organized to develop common criteria and approaches. Such a group could emerge in the region without

U.S. involvement, like the Contadora Group in Central America in the 1980s. If it does, the U.S. would do well to support it.

Finally, continued efforts at dialogue should be supported. While the October-November dialogue was unfruitful, and the Venezuelan opposition is right to refuse to return to the table under current conditions, it is an option that should remain alive. In an economic or political crisis, having international facilitators with established relationships close by could be vital.

It is worth noting that the bad press the **Vatican** has received for the failed dialogue in October and November is unfair and uninformed. Vatican representatives came to Venezuela a month after both the government and the opposition formally invited it, not because of pressure from the U.S. When agreements were made and the government then failed to follow through on its part, Vatican Secretary of State Monsignor Pietro Parolin sent a strong letter putting forward four conditions to continue in the dialogue. When those conditions were not met by January, Vatican representative, Monsignor Claudio Maria Celli returned to Rome.

Dialogue should not be seen as solitary option to be unperturbed by parallel initiatives. If pressure is not exerted from multinational institutions and from domestic political dynamics, the Maduro government will never take dialogue seriously. Other options for addressing the Venezuela crisis should not be put on hold to simply see if dialogue works out.

Furthermore, dialogue should focus primarily on basic issues of democracy, for example recognition of elected officials, release of political prisoners, and most of all an electoral calendar. It should not be used to address basic issues of governance that should be left to democratically elected officials. If democratic freedoms and elections can be secured, Venezuelans can fix the rest for themselves.

Compared to unilateral actions, the path of diplomacy I am recommending is slow and frustrating. It requires a lot of energy, and does not offer flashy optics or dramatic sound-bites. But in the long run it is more likely to succeed and less likely to lead to the unintended negative consequences of so many failed U.S. policies in the past.

Thank you.