As Delivered

Venezuela: Is there a path back to democracy?

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I.

Forty years ago, in 1984, I accompanied Congressmen Benjamin Gilman, Republican of New York, and Michael Barnes, Democrat of Maryland, to Venezuela. Their bipartisan trip came in the midst of the violence and turmoil shaking Central America and prolonged military rule in much of South America. I was at the time Director of Policy Planning for the Americas in the State Department, and had conceived the trip to demonstrate that there was a path to democracy in Latin America. Since 1958, Venezuela had alternated power every five years almost like clockwork between Acción Democrática, an anticommunist social democratic party that belonged to the Socialist International, and COPEI, a social Christian party that belonged to the Christian Democratic International. Venezuela seemed to show that a stable and democratic two-party system like our own was possible among our neighbors to the south.

II.

Over the last quarter century, however, an authoritarian and anti-US regime that began with popular support has destroyed Venezuela's democracy, abused its oil economy, and has driven more than seven million Venezuelans into exile. It has now run out of steam. In the presidential elections held last July 28, the regime disqualified opposition leader Maria Corina Machado, then engaged in persistent and creative harassment of a little-known substitute, only to be met with equally persistent and inventive efforts to make the vote count. After a record-breaking turnout, the regime announced its official candidate had won a close vote but provided no documentation. The next day, the opposition used official precinct returns to document a better than two to one victory. Within a week, the whole world knew President Nicolás Maduro had lost to the previously unknown Edmundo González Urrutia. But Maduro has remained in power, responding to all pressures with naked oppression clothed in Orwellian manipulations of domestic "legality".

I have been asked to discuss with you whether there is a path back to democracy in Venezuela. I have no answer. In September, González fled to Spain after being accused of conspiracy, forgery and sabotage. Historically, exile has rarely been kind to those who seek power. Could something still happen between now and next January when Venezuela's constitution calls for the inauguration of a new president? What are the external dynamics? What is happening inside Venezuela? Will the election of Donald Trump in the United States make a difference?

Venezuela's population is about the same as that of Texas and its land mass is about a third larger than Texas. Venezuela has the world's largest proven oil reserves (almost six times those of the United States), plus substantial deposits of iron ore, gold, bauxite, and diamonds. Venezuela is part of the Caribbean Basin, a geopolitical pole critical to the social wellbeing and national security of the United States.

Looking at the map shows why the Caribbean Basin has been called our "Third Border". Venezuela is with Colombia the northernmost point of South America, with Central America linking to Mexico and the United States, plus the Islands of the Commonwealth Caribbean, Haiti, the Dominican Republic and Cuba. And don't miss Florida, the dagger pointed at the heart of Venezuela, with Miami and its 400,000 Venezuelan Americans, most of them voting US citizens.

III.

Let's return now to the question of democracy. A century ago, a Venezuelan writer [Laureano Vallenilla Lanz *Cesarismo Democrático* (1919)] argued that a dictator could be democratic if he imposed measures favorable to disadvantaged majorities. He called it Democratic Caesarism. After World War II, a Venezuelan president, Rómulo Betancourt [1945-48; 1959-64] supported democracy through the Organization of American States (OAS) and sought to deny diplomatic recognition to any government issuing from a coup. He did not succeed, but in 1991, one of his successors as president, my friend Carlos Andrés Pérez [1974-1979; 1989-93], tried to apply the Betancourt Doctrine by calling for the OAS Charter to be amended to require immediate collective suspension of diplomatic relations in case of a coup.

Mexico immediately opposed any such action, citing the Estrada Doctrine that no nation has the right to judge the politics of another. I was Ambassador to the OAS at the time, and worked behind the scenes to suggest that a coup could meet an automatic response, but without a predetermined outcome. I hoped this more moderate position was one the Brazilians, the Uruguayans, and the Peruvians, all of whom were noninterventionists, might be able to accept as a compromise.

Brazil's Ambassador proposed "sudden or irregular interruption" of a democratic institutional process as a trigger. This formula eliminated the word "coup", thus avoiding ruffling military feathers. Brazil's move isolated Mexico, the leader of the non-intervention camp and assured the support of a substantial majority of the Spanish-speaking states. But now an unfortunate characteristic of OAS meetings was exposed: the Commonwealth Caribbean felt uninformed and left out. After a tense negotiation, CARICOM came on board in return for a resolutory paragraph that called for "a set of proposals that will serve as incentives to preserve and strengthen democratic systems."

AG/RES 1080(XXI-O/91), "REPRESENTATIVE DEMOCRACY," adopted June 5, 1991, instructed the Secretary General to call for "*the immediate convocation"* of the Permanent Council in case of a sudden interruption. This made the response automatic, without delays or finger pointing. Unfortunately, the package of positive measures called for by the Caribbean was never developed. In fact, funds for the OAS shrank even as the much-ballyhooed InterAmerican Democratic Charter was adopted in 2001. In addition, Latin America's pervasive social injustices brought the definition of democracy itself under fire. When societies open up to education and mass media, all kinds of ideas start bubbling up until suddenly the discussion is not just about elections or even freedom of speech, but also about social inclusion, worker's rights, the economy and an infinite array of other matters. Ironically, it was yet another Venezuelan president, Hugo Chávez, who took the lead in articulating popular anger over these matters and undoing much of the work of his predecessor Carlos Andrés Pérez.

IV.

A fundamental mistake by Pérez opened the way for Chávez. In early 1989. Pérez introduced a series of austerity measures including a hike in the price of gasoline. Several days of mass protests were repressed by military force. The turmoil was dubbed the "*Caracazo*" for Caracas, the nation's capital. The *Caracazo* revealed that democracy in Venezuela had been profoundly corrupted by the easy returns and socially divisive effects of the black gold of oil. It delegitimized the governing system, which was shaken by two coup attempts, one of them by an unknown officer named Hugo Chávez. A close friend who serving as Mexico's ambassador to Venezuela wrote me that "These people are crazy. When they are accused of corruption, they answer 'Of course I am corrupt. But you are more corrupt. I am bad, but you are worse than I am.' Before long, they will all be swept away." And indeed they were. In 1998, Hugo Chávez was elected president and, in the spirit of democratic Caesarism, led a charge for "direct democracy", overcoming opposition to his redistributive policies from Venezuela's elite and from the many beneficiaries of the oil economy, including PDVSA, the national oil company, its unions, and the establishment press. Chávez was detained in a 2002 coup

that lasted two days, just long enough to be praised by the US government. Then he returned to power and systematically eliminated institutional checks on executive authority while providing services to the many left behind by the oil economy. His regime also drew on oil revenues to provide cut rate petroleum to friendly parties and governments in the region, and joined with Cuba in aggressively promoting ALBA (an acronym that means “dawn” in Spanish and stands for “Bolivarian Alliance of the Peoples of our America”) as a replacement for the traditional Inter-American System. Denouncing “representative democracy” as fostering inequality, Chávez worked to undermine hard-won regional jurisprudence supporting democracy and withdrew from the OAS claiming it reflected imperial domination by the United States.

The relationship with Cuba that Chávez developed is not a normal diplomatic alliance, but one that involves Cuba in intimate internal security matters, military intelligence and control, and Cuban-style bloc surveillance (called Bolivarian circles in Venezuela). These “colectivos”, semiofficial armed bands, are neither police nor military, but they do the thug work that enables the official uniformed services to remain relatively clean because others are doing the actual physical repression.

The turmoil in Venezuela -- like that in Cuba before it -- has become a source of repression at home and instability abroad. Migration from Venezuela, like population movements from Mexico, Central America’s “Northern Triangle,” Haiti, and Cuba, has injected often intractable tensions into the domestic politics of the Caribbean Basin and beyond. Colombia has received more than 2.5 million Venezuelans, Peru 1.5 million. Almost 4 million more are spread among more than twenty countries in the Americas and Europe, with smaller numbers straining the capacity of Venezuela’s small Caribbean neighbors,

The grand Bolivarian dreams of Chávez and his successors have now largely crumbled. Viewed in human terms, there is a war of attrition between Maduro and Venezuela’s now largely exiled elite that is having tragic effects for its people. Viewed geopolitically, Venezuela’s ties to China, Iran, and Russia have made Venezuela a pawn in the global rebalancing underway in the Middle East and with US allies in Europe and rivals like China and Russia. Russia, China and Cuba are now key to Maduro’s survival.

V.

So where do we go from here? What happens next?

The OAS is designed to enable cooperation among sovereigns with different interests. It could still provide critical external support to democratic institutions in Venezuela, but its web of mutual support and obligation has become skeletal, fragmented by lack of common purpose and crippling reductions in resources. A special July 31 meeting of the OAS Permanent Council to consider a response to the Venezuelan elections made clear that positive regional outcomes are not likely under current circumstances. Seventeen countries voted for a resolution seeking release of electoral data and

protection for opposition candidates. Eleven abstained and five did not even attend. This blocking minority was held together by opposition to what they consider outside interference in Venezuela's affairs. The negative votes included much of CARICOM, plus Mexico, Brazil, and Colombia, all of whom have attempted to maintain working ties with Venezuela despite discomfort at the July election.

A little-remembered initiative of President Ronald Reagan offers some useful lessons about how we might respond. Reagan is best remembered for intervention in the civil wars of Central America and hostility to Fidel Castro's regime in Cuba. But forty years ago, the United States also used trade and investment incentives to help stabilize the countries of Central America then under threat from social tensions and communism. The 1983 Caribbean Basin Initiative provided trade and investment incentives to the seven countries of Central America and sixteen island nations of the Caribbean. Duty-free access to the US market for most goods stimulated trade and facilitated investment. Implementation had challenges, especially for the smaller countries. The absence of a mechanism to address spiraling oil prices allowed Chávez's later Petro-Caribe initiative to become a lifesaver for many CARICOM countries. The CBI's impact was of course also reduced over the years by the more open trading practices of the World Trade Organization and changing strategic concerns. Foreign aid dwindled and focused more narrowly on Central America's Northern Triangle countries and, separately, Haiti. Today's assistance programs are often more declaratory than real. There is little strategic sense or fresh government money going into the region. Except perhaps for counternarcotics efforts, the United States has no vision for the Caribbean Basin, even as our neighbors' struggles spill over onto us. One could almost call it strategic neglect.

The need to cooperate on common issues is so great that failure to do so is deeply unsettling. The well-being and effective sovereignty of all of the Basin's countries are affected by transnational corruption and crime, including illegal narcotics and equally illegal arms flows – even when not directly linked to terrorism or existential security questions like the territorial dispute between Venezuela and Guyana. Cooperation across borders is also required by climate change (with sea levels and hurricanes a particular problem for the Caribbean Basin, including our own shores), as well as migration, natural resources, tourism, and communications. Properly used and financed, the OAS, the UN, and the international financial institutions could provide essential institutional support free of political baggage. Depending on which elements are stressed, who they involve, and how they are negotiated, there could be something in a comprehensive new CBI initiative for every problem and almost everyone in the political spectrum.

A fresh regional effort like this, with broader sponsorship and a broader focus than the original CBI, would give the entire region a sense of hope and enable its peoples to find ways out of their miseries without emigrating. And it could provide a framework for the external support Venezuelans need to address their tragedy.

But a fresh regional approach will certainly not be easy. Wars outside the hemisphere and the problems associated with globalization and bad government have demoralized everyone. Beggar-thy-neighbor protectionism and trade controls have created arbitrary impediments, increased corruption, and induced waste. Some believe that had the Free Trade Area of the Americas been adopted when it was proposed a generation ago Latin American economies would have grown exponentially by now, with nearshoring a further potential trade multiplier. But times are what they are, and the political climate is not propitious for ambitious foreign programs to support democracy, perhaps not even to help stem migration.

VI

Let us now consider the interests of the countries that were unwilling to support the OAS resolution on Venezuela last July.

As an aspirant global power, Brazil generally seeks to maintain a posture independent of traditional blocs. Brazil maintains more embassies in the Caribbean than does the United States. Relations with Venezuela were strained under President Bolsonaro but improved under President Lula. Celso Amorim, one of Lula's closest advisors, visited Venezuela before and after the election, But Brazil has been careful not to endorse Maduro's election claims. Trying to break out of its growing international isolation after the election, Venezuela last month sought membership in the BRICS (Brazil, Russia, India China, South Africa). Brazil opposed Venezuela's admission. Amorim testified before the Brazilian Senate that "Brazil believes [BRIC] members should be countries with influence that can help represent the region. And Venezuela today does not meet these conditions."

Colombia shares a long border with Venezuela. Colombia's internal wars spilled into Venezuela; now Venezuelan migrants are flooding Colombia. The left-wing government of President Gustavo Petro reestablished relations with Venezuela in 2022, but has not defended Maduro's claim of victory and is almost forced to support negotiations, if only to reduce migrant pressures.

In the tradition of the Estrada Doctrine, Mexico has long opposed passing judgment on the governments of other countries. Its own presidential transition in September probably made it easier for Mexico to keep a slightly lower profile than Colombia or Brazil. But Mexico has also not accepted Maduro's claims and has in the past facilitated conversations between the Maduro government and its opposition.

CARICOM follows Venezuelan events closely and seeks strength in numbers but often finds unified positions hard to achieve. Its countries and Haiti have been major beneficiaries of Petrocaribe. Trinidad and Tobago has joint offshore gas production agreements with Venezuela.

Turning to Europe, Spain has given refuge to Edmundo González Urrutia. The EU introduced sanctions against Venezuela in 2017 including an embargo on arms and a travel ban and an asset freeze on individuals and entities responsible for human rights violations and for undermining democracy in Venezuela.

And then there are Venezuela's allies. Foremost among these is Cuba. Chávez considered Fidel a mentor, and Cuba today receives heavily subsidized oil in return for the security and intelligence assistance many consider critical to Maduro's hold on power.

Today, about one-third of Venezuela's outstanding debt of about $150 billion is owed to China and Russia, mainly in the form of loans for oil deals. Two Russian ships, the frigate Admiral Gorshkov and the oil tanker Akademik Pashin, both in Russia's Northern Fleet, docked in the Venezuelan port of La Guaira in July after an initial stopover in Cuba while conducting exercises in the Atlantic Ocean that Moscow said were to "show the flag" in remote, important regions.

China has invested tens of billions of dollars in Venezuela's petroleum sector and has become Venezuela's leading export market. The Chinese government recognized Maduro's false reelection claims the moment they were announced. Considering China's even greater economic exposure to the many countries in the Western Hemisphere who are critical of Venezuela, from Argentina and Chile to Peru and Ecuador, Paraguay and Panama, this was probably not China's coolest move.

Last, but far from least, we have the United States. When Chávez first came to power, most observers thought he would be moderated by the demands of office and that we could ride him out. The US embassy was closed in 2019. Venezuela's economic collapse caused by mismanagement and the fall of oil prices was aggravated by the impact of the broad economic sanctions imposed when the Trump administration thought Maduro would be overthrown by a policy of maximum pressure. The willingness of the US and some Venezuelan exiles to damage the Venezuelan economy through generalized sectoral sanctions that increased poverty convinced many inside Venezuela that the US was no more interested in democracy than Maduro and his cronies.

Both Democrats and Republicans are hostile to the Maduro regime. A bipartisan approach to tailoring sanctions and developing new incentives will require mobilizing a variety of resources and applying them with at least a degree of multilateral acquiescence. And it will require an unusual ability to calibrate our actions in tune with what is happening inside Venezuela.

VII.

And this is where I come up short. Chávez once invited me to come see his miracles for myself. I never did. And I do not live in Florida.

Venezuela's constitution calls for a new government to take office in January 2025. Without changes to reflect the electoral outcome, the current narco dictatorship will have succeeded in entrenching itself. If its leaders stay united, the regime may well prolong its hold and drive additional migrants into the neighborhood.

On August 1, Brazil, Colombia and Mexico issued a joint communique calling on Venezuela to publish the election results by precinct. The same day, Venezuela's Catholic Bishops' Conference formally supported "all those inside and outside Venezuela who demand verification of the ballot results." Maduro's response was to reshuffle his cabinet. He named Diosdado Cabello his new Minister of Interior, Justice, and Peace. Cabello amassed enormous power in the shadow of Chávez, and is currently under a variety of sanctions from Canada, Colombia, the European Union and the United States. In 2017, the Miami Herald reported that a US Department of Homeland Security memo alleged that Cabello may have contacted unspecified Mexican nationals to discuss killing Senator Marco Rubio, who is apparently now going to be President Trump's Secretary of State. In 2020, the Department of State offered $10 million for information leading to Cabello's arrest and/or conviction for drug trafficking and narco-terrorism.

Today, threats of violence and intimidation hang over Venezuela. At US Southern Command headquarters outside Miami, demonstrators ask for US military action. There is whispered talk of finding specialized U.S. security contractors to decapitate the regime. In Venezuela, protestors seem cowed by repression, but some still hope for a new *Caracazo* to destabilize the current regime as it did the old, while Maria Corina Machado and Gonzlez Urrutia try to keep more peaceful hopes alive from hiding and from Spain.

The best hope is that Venezuelans – regime and opposition – will negotiate the composition of a new government. But changes in who is in office will not clean up this mess by themselves. All sides will need help on a multiplicity of fronts. Links to the democratic world have been lost or abandoned and will need to be rebuilt. Positive balances will have to be found between returning émigrés and those who stayed. Fresh sanctions, particularly if aimed at individuals who deserve them, could conceivably still aid post-election adjustments in Venezuela. But sanctions are difficult to lift, and the need for incentives is likely to increase.

The Biden administration concluded that sectoral sanctions are not efficient for regime change, and that they stimulate migration by hurting the population. This October, they renewed General License 41, which allows Chevron to continue its activities in Venezuela. The incoming Trump administration will probably revisit efforts to fracture the regime through both increased pressure and efforts to negotiate a transition. So far, Maduro has been consistently underestimated. And today, though his international isolation is greater than ever, and though he must fear that he could become a victim of geopolitical shifts affecting his allies, he is obviously hoping for coexistence in exchange for oil supplies and stability on migration.

I do not know what is happening today behind the scenes in either Venezuela or Florida. But I do know two things: only Venezuelans can build democracy in Venezuela; and they will need our help. At stake is everything from personal freedom and corruption inside Venezuela to regional migration, and world trade in oil and illegal drugs. Working with others, the United States could provide the mix of sanctions and individual and institutional incentives needed to facilitate a fresh beginning for Venezuela and the Caribbean Basin as a whole. What will be required, above all, is imagination and commitment from all concerned. And the United States will need to show unusual interest in its neighborhood, economically and multilaterally as well as politically.

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Luigi R. Einaudi's career in public service included tours of the Secretary of State's Policy Planning Staff under both Republican and Democratic Administrations, service as the US Ambassador to the Organization of American States, and later as the OAS' elected Assistant Secretary General. He was the U.S. Special Envoy in the peace talks that settled the centuries-old territorial conflict between Ecuador and Peru. Born in Cambridge, Massachusetts in 1936, Einaudi earned A.B. and Ph.D. degrees from Harvard and has taught at Harvard, Wesleyan, UCLA, Georgetown and the National Defense University. He is the author of *Learning Diplomacy, An Oral History* (2023), a translation of which to Spanish is currently pending in Lima, Peru.